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Guidance on common elements of statistical legislation

Note by the Task Force

Summary

The document presents an extract of the *Guidance on common elements of statistical legislation*. The Guidance was prepared by a Task Force composed of Latvia (co-chair), United Kingdom (co-chair), Albania, Armenia, Australia, Canada, Croatia, Germany, New Zealand, Slovenia, Eurostat, United Nations Economic Commission for Europe and the United Nations Statistics Division.

The objective of the Task Force was to identify common elements of national statistical legislation, in line with the Fundamental Principles of Official Statistics, the European Statistics Code of Practice and the Organization for Economic Co-operation and Development Recommendation on Good Statistical Practice. The Guidance aims to support countries in further reinforcing their legal frameworks to guarantee independence, integrity and accountability of national statistical systems and high quality of official statistics, and help remove legislative barriers to releasing the full value of official statistics. The document is intended as voluntary guidance that countries may use, if they so decide.

The current extract of the Guidance is prepared for translation purposes. It includes the introduction and the chapter on common elements of statistical legislation from the Guidance. The full text of the Guidance has been sent to all members of the Conference of European Statisticians for electronic consultation. It is available at: http://www.unece.org/index.php?id=47411. Subject to a positive outcome of the consultation, the CES plenary session will be invited to endorse the Guidance.

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I. Introduction

A. Why this guidance?

1. Official statistics provide an indispensable element in the information system of democratic societies serving the government, the economy and the public with data about the economic, demographic, social and environmental situation. To be able to carry out this task, statistical systems need to have a strong legal and institutional setting.

2. This guidance identifies common elements of statistical legislation and defines their intended outcomes to inspire countries wishing to benchmark or update the legal framework of their National Statistical System (NSS). Although the ways in which statistical systems are organized vary across countries, many common principles on the functioning of statistical systems apply. Recently, the need to further reinforce legal frameworks to guarantee the independence, integrity and accountability of statistical systems, high quality of official statistics and data security has arisen in many countries.

3. An up-to-date statistical legislation will support modernization of official statistics and remove unnecessary barriers to releasing the full value of statistics. As the landscape of information producers is rapidly changing, statistical offices need a legislative and institutional infrastructure that supports developing new business models, engaging in partnerships and using new data sources and technologies.

4. Under these conditions, guidance on the essential features of statistical legislation will benefit countries in further strengthening their statistical systems. A modern legal framework will enable more agile strategic development of official statistics, and closer alignment with the United Nations Fundamental Principles of Official Statistics.

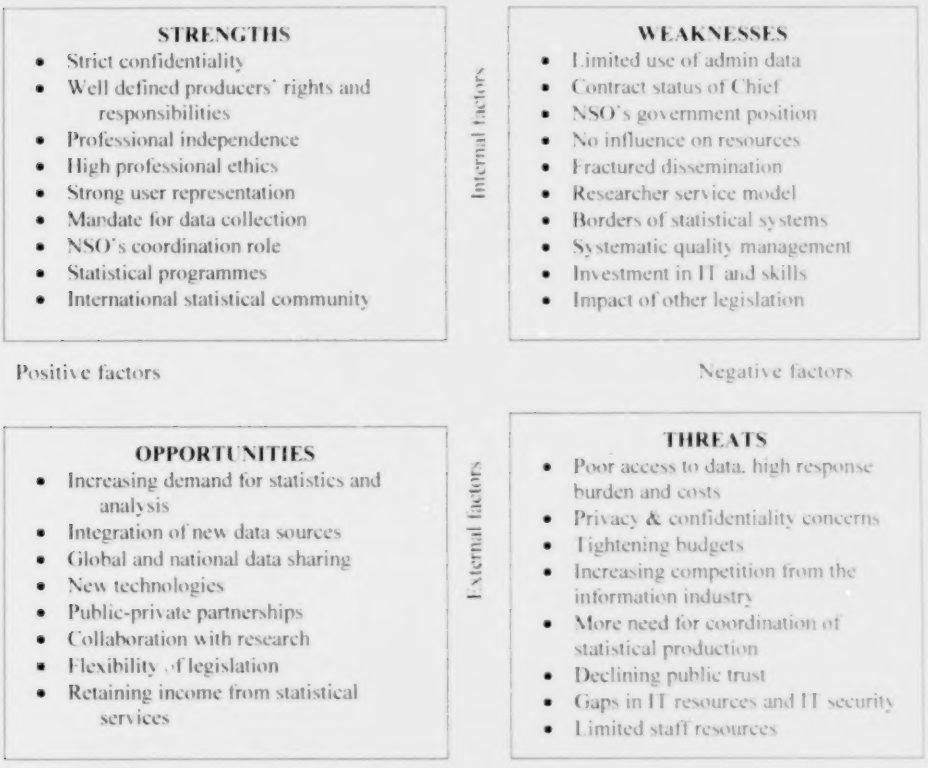
B. The guidance in brief

5. Among its first tasks, the Task Force prepared a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis of the current legal and institutional frameworks of official statistics and of the operational environment of statistical offices. The following graph presents a summary of the analysis based on various information sources, including peer reviews and Global Assessments of statistical systems.

6. The guidance identifies common elements of statistical legislation based on the Generic Law on Official Statistics (GLOS), developed by UNECE, jointly with Eurostat and the European Free Trade Association (EFTA) in 2014-2016 as part of the United Nations Development Account project for the countries of Eastern Europe, Caucasus and Central Asia. The elements were reviewed and updated to allow for their wider applicability across countries and to reflect on the outcomes of the SWOT-analysis. Chapter 2 below (which is chapter 4 in the Guidance) presents the resulting 71 common elements of statistical legislation. These common elements are intended as recommendations that may be helpful for a country wishing to review or revise their statistical or related legislation.

7. The common elements cover the objective and scope of the Statistical Law, the main principles and definitions of official statistics, organization of the national statistical system (NSS), statistical advisory council and other advisory bodies, coordination of NSS, statistical programmes, mandate for data collection and access to data, statistical confidentiality, quality of official statistics, dissemination of statistics, provision of statistical services, international cooperation, infringements and relationship to other legislation.

Graph 1.
Strengths, weaknesses, opportunities and threats related to statistical legal frameworks



8. The main principles of official statistics (element 2.1) are in line with the Fundamental Principles of Official Statistics and the European statistics Code of Practice, but instead of listing all principles they merge and bring together key elements of the principles. It will depend on each country how the main principles are presented in the Statistical Law. All the Fundamental Principles and the Code of Practice principles are referred to in the definition of official statistics (element 1.2). The Task Force decided to add cost-effectiveness in the main principles as part of the common elements.

9. In comparison to the *Generic Law on Official Statistics*, developed for Eastern Europe, Caucasus and Central Asia in 2016, this guidance provides an adjusted definition of statistical units (as part of element 2.1), and a new definition of the coordination of national statistical activities. In addition, a coordination committee was added as a new common element (element 3.3) consisting of representatives of all Producers of Official Statistics in a country, and operating under the chairmanship of NSO. The coordination committee will support NSO in the coordination of all activities within NSS.

10. The tasks of NSO (element 3.2) now include more details on the coordination of statistical activities, and a task to advise the government and the public on issues related to data collection, statistical methodology, dissemination and use of statistics.

11. The responsibilities of the Chief Statistician (element 3.6) now include the facilitation of the correct interpretation of statistics and the entitlement to comment on the use and misuse of statistics, in line with the Fundamental Principles of Official Statistics.

12. The name of the Statistical Council is now the Statistical Advisory Council (element 4.4). The Council's new tasks include the promotion of transparency and accountability of NSS, the promotion of the use of official statistics in society and the provision of an opinion related to the implications of the budget allocation on the implementation of statistical programmes. In addition, the texts on the contents of statistical programmes have been shortened for more flexibility in the way statistical activities are planned (element 5.6).

13. The mandate for data collection (element 6.1) is extended notably to entitle Producers of Official Statistics to access and collect data from all public and private data sources free of charge, including identifiers, at the level of detail necessary for statistical purposes. The element also calls for a commitment to limit response burden and reuse data in society. This guidance does not include a common element on population and housing censuses, as the way in which censuses are carried out differs greatly across countries, and the different census approaches will require the use of different legislative tools. Chapter 7 discusses census legislation further.

14. As compared to GLOS, the guidance does not include detailed regulations on the confidentiality of aggregates (element 7.1), but proposes new text on the protection of confidential data (as part of element 7.3) in line with the European Statistical Law stating that the Producers of Official Statistics shall protect confidential data in such a way that the statistical unit cannot be identified, either directly or indirectly, when account is taken of all relevant means that might reasonably be used by a third party. In addition, the common elements now enable statistics to be disseminated even when they may make it possible to identify a statistical unit, only if the statistical unit has unambiguously given its consent to the disclosure of data.

15. The guidance enlarges the scope of data exchange within NSS (element 7.8). While GLOS allowed NSO to receive individual data with identifiers from other Producers of Official Statistics, the common elements enlarge the possibilities to exchange individual data with identifiers among all Producers of Official Statistics. However, the common elements will require having a well-defined NSS composed of Producers of Official Statistics that are professionally independent. As before, data can be exchanged exclusively for statistical purposes only in the respective area of competence of each producer.

16. Researchers' access to individual data (element 7.9) is now displayed in a more detailed manner to support development of researchers' services in statistical offices.

17. The guidance proposes a common element on the provision of other than statistical services (element 10.2). This enables the Producers of Official Statistics to render IT infrastructure or other non-statistical services to other organizations.

18. Statistical services to customers are essential for increasing the use of statistics in society. To support this goal, the Task Force added a recommendation that the income from statistical services may be retained by the Producer of Official Statistics (element 10.3) and shall cover the additional costs of carrying out the service activity and the needed statistical service development.

19. As a result of consultations with the UNECE Task Force on Exchange and Sharing of Economic Data, a common element on international transmission of individual data for statistical purposes was developed (element 11.3). According to this element, NSO with the Other Producers of Official Statistics, as relevant, may enable the voluntary exchange of

individual data exclusively for statistical purposes. NSO shall ensure that the recipient has the legal framework for the protection of confidential data.

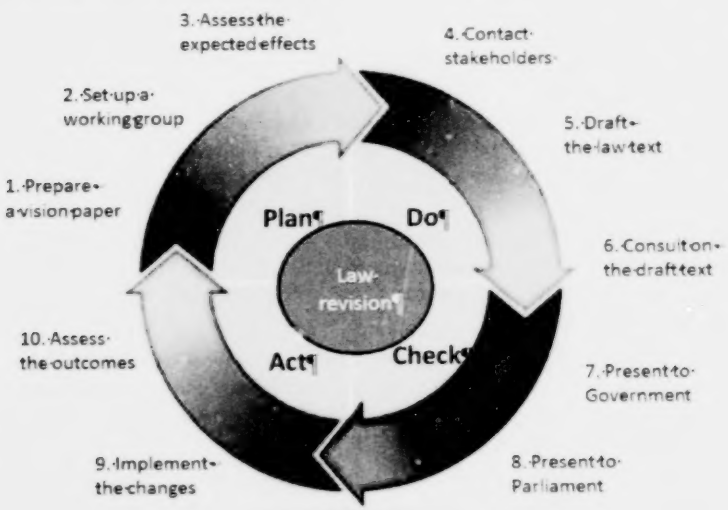
20. In addition, the guidance provides more detail than GLOS to help countries to regulate infringements, for instance related to failing to respond to statistical surveys and arbitrary conduct of respondents (elements 12.2-12.3). Further detail was also added to regulate the relation of statistical and other legislation, for instance by requiring that NSO be consulted on the preparation of new laws or amendments influencing activities carried out under the Statistical Law.

21. The guidance supports countries wishing to review or revise their statistical legislation not only by providing a list of common elements of statistical legislation, but also by providing explanations on what are the intended outcomes of each common element. The guidance describes what the benefits of each law element are for society and why the elements would be needed in the statistical legislation. The ways of regulating statistical activities differ, therefore, the intended outcomes provide the idea of what are the goals to be achieved with the Statistical Law.

22. Advocacy is essential for any statistical system going through a review or revision of the Statistical Law. The functioning of NSS depends heavily on the Statistical Law. The recommendations instruct how and who to be consulted when creating new or changing the existing legal basis. Developing and maintaining a vision paper to describe the current gaps and goals of statistical legislation would be recommended. The process of revising statistical legislation includes ten steps (see the graph).

Graph II.

Ten steps of the process of revising statistical legislation



23. The guidance emphasizes that the governance model of NSS influences the requirements for the Statistical Law. The common elements of statistical legislation are in principle applicable to all statistical systems, but need to be adjusted to the national context and to the governance model. The common elements apply most directly to more centralized statistical systems. Therefore, the guidance reviews three other types of governance models and the related legal aspects. For instance, regulating the coordination

of NSS may be of particular importance to functionally or regionally decentralized statistical systems, and having a special article on a management board is particularly important for statistical systems that are autonomous from the government.

24. When deciding to adopt a new statistical legislation or amend the existing law, other legislation should be reviewed and taken into account accordingly. Statistical legislation could refer to other legislation that already regulates a specific aspect or it could (vice versa) have an impact on the other legislation. The guidance reviews the most important other regulations and how they relate to the Statistical Law, for instance legislation determining the government, the criminal code, information security, privacy and data protection and archiving.

25. Finally, the Task Force emphasizes that the common elements provide the basis for considering changes in statistical legislation. They should not hinder further development and modernization of statistical work. The guidance highlights the need to ensure a solid, flexible and modern legislative and institutional infrastructure and, thus, address emerging issues and developing new business models, engaging in partnerships and using new data sources and technologies.

C. Blueprint for the way forward

26. This guidance aims to support further work in countries and internationally to modernize the legal and institutional frameworks of statistical production.

27. As suggested by the circular process of revising statistical legislation (graph 2), while statistical legislation should provide a solid and rather stable foundation for statistical work, the assessment and development of legal and institutional frameworks is a continuous process.

28. As an aid to helping take forward that continuous action, the Task Force makes the following proposals:

- All countries are invited to make use of the *Guidance on Common Elements of Statistical Legislation* to review the national Statistical Law and other related legislation and prepare their vision for future development of the Statistical Law;
- The Conference of European Statisticians should host regular meetings of legal and managerial experts of statistical offices to enable the development of the legal and institutional frameworks of official statistics in an agile and forward looking way;
- An organizing committee or a Steering Group, composed of a few countries, could be established to organize these expert meetings, consider the need for future guidance and coordinate requests for assistance from countries developing their Statistical Laws;
- Additional ad-hoc meetings could be held to address specific subjects related to legal considerations, such as data exchange. These meetings should include other relevant experts such as data security professionals;
- Countries should supply their own relevant material to the expert meetings to share their experience, especially in emerging issues related to the legal frameworks;
- Legal experts and managers of statistical offices are invited to consider what kind of exchange of experience should take place and what kind of supporting

materials and practical guidance would need to be developed to strengthen statistical legislation and implement it effectively;

- UNECE should seek collaboration with other international organizations and donor countries to support countries with developing statistical systems in this area;
- The UNECE work should contribute to global initiatives to develop legal and institutional frameworks of official statistics beyond the CES region, such as to the renewal of the UNSD *Handbook of Statistical Organization*;
- It would be useful to review after five years whether this guidance needs updating in the light of experience gathered nationally and internationally, and taking into account new changes to the statistical and legal environment.

D. Structure of the Guidance (the full version)

29. Chapter 2 of the full version of the Guidance gives an insight into the strengths and shortcomings of legal and institutional frameworks based on an analysis of the current legal settings of official statistics. Using a number of sources, the Task Force analyzed the current frameworks of statistical production in the CES region and beyond and summarized information on strengths and shortcomings relating to legal frameworks. The chapter focuses on areas for improvement that should be considered when revising and benchmarking statistical legislation.

30. Chapter 3 portraits challenges and opportunities arising from the operational environment of statistical offices. It identifies key issues arising from the environment that need to be taken into account when amending statistical legislation. The intention of this chapter is to ensure that the guidance is forward looking and suggests common elements of statistical legislation that take into account emerging trends and allow for flexibility to adjust statistical activities to the changing environment.

31. Chapter 4 presents the common elements identified by the Task Force. It applies the structure introduced in GLOS for organizing and presenting common elements of statistical legislation. Most of the common elements are extracted from GLOS and some are reused almost directly, and some adjusted to ensure wider applicability of the guidance. The Task Force also added some new common elements of statistical legislation that were not explicitly included in GLOS.

32. Chapter 5 describes the intended outcomes of the common elements of statistical legislation identified by the Task Force. The intended outcomes aim to allow for flexibility for countries in the application of the guidance in a way that fits their national legal framework. Depending on the national legal and political context, there may be different options for achieving the same intended outcomes through legislation or other means. The intended outcomes also provide justifications for having the different elements in the legal framework, and may help to advocate for the necessary changes in the statistical or other legislation. From an international statistical community perspective, the intended outcomes serve as a useful tool for reviewing statistical systems and providing capacity building.

33. Chapter 6 is devoted to the guidance on reinforcing legal and institutional frameworks of official statistics. It discusses important topics such as the process of reviewing and revising statistical legislation, advocacy on the sound legal and institutional frameworks and different governance structures of statistical systems and how they affect statistical legislation. The chapter also discusses the relation of statistical legislation and other legislation.

34. Chapter 7 discusses emerging issues related to statistical legislation, and changing areas where countries may be at different stages. The chapter considers legal aspects of providing official statistics as open data and the legal aspects of exchanging data nationally and internationally for statistical production. It considers the changing nature of census taking and its implications to the Statistical Law and discusses possible ways to regulate population and housing census activities. The chapter discusses the framework for good coordination and cooperation with Central Banks, as they have a special independent role but are often among the main Producers of Official Statistics. The chapter also discusses collaboration with geospatial agencies to increase the integration of official statistics and geospatial data. Finally, the chapter touches upon government data management and the implications to statistical legislation.

35. Chapter 8 makes proposals for further work on statistical legislation to support modernization of legal frameworks of official statistics, and to ensure a continued exchange and development of legal and institutional frameworks of official statistics.

36. Annex I presents the terms of reference for the Task Force on common elements of statistical legislation detailing the objective and activities in order to identify common elements of statistical legislation and develop guidance to be applied widely across countries when reviewing or revising statistical legislation.

37. Annex II provides case studies illustrating good practices of countries in the effective regulation of statistical activities and implementation of such regulation. The first two case studies from Canada and Moldova illustrate ways to effectively implement revised legislation. Case study 3 highlights the regular and extensive consultations with representatives of respondents in Finland. Case studies from 4 to 6 provide ideas for the criteria and procedures for identifying official statistics and Producers of Official Statistics from Finland, Lithuania and the United Kingdom. Germany presents the latest revisions of their statistical law in case study 7. Croatia and Latvia share their regulation allowing access to data held by private legal persons on other respondents as case studies 8 and 9, and Slovenia presents the full mandate to access all data sources for statistical purposes as case study 10.

38. Annex III brings the common elements of statistical legislation together with the intended outcomes as a summary reference tool. It also highlights changes made to the common elements of statistical legislation as compared to the original texts in GLOS.

II. List and definitions of common elements of statistical legislation

39. The following table shows the common elements of statistical legislation, mostly derived from GLOS.

Common elements of statistical legislation

Common element	*Description of the common element*
	1. Objective and scope of the Law
1.1 Objective of the Law	A Statistical Law establishes the legal framework for the development, production and dissemination of official statistics.
1.2	Official statistics:

Common element	*Description of the common element*
Definition of official statistics	(a) Are statistics describing the economic, demographic, social and environmental phenomena [of country name]; (b) Shall be developed, produced and disseminated in compliance with the United Nations Fundamental Principles of Official Statistics (A/RES/68/261) [and the European statistics Code of Practice, National Code of Practice] as well as internationally agreed statistical standards and recommendations; (c) Shall be clearly indicated as official statistics.
1.3 Scope of the Law	The provisions of a Statistical Law apply to data collected or obtained for statistical purposes by *Producers of Official Statistics*.
1.4 Definition of the NSS	*The National Statistical System* of [country name], consisting of *Producers of Official Statistics* comprises: (a) The *National Statistical Office* [replace with its official name everywhere in the Law], which is the leading authority of the *National Statistical System*; (b) *Other Producers of Official Statistics*, consisting of organizational entities of national authorities as identified in accordance with the Statistical Law and that develop, produce and disseminate official statistics in accordance with the Statistical Law.
1.5 Parties to the Law	The parties to the Law include: (a) *National Statistical Office* [replace with its official name everywhere in the Law]. (b) *Other Producers of Official Statistics* [No listing here by name] (c) *Respondents*, consisting of persons, households, private and public entities that are requested to provide information about themselves, including their activities, to *Producers of Official Statistics*. (d) *Administrative data providers*, consisting of national and local authorities and other bodies that provide *Producers of Official Statistics* with data collected primarily for administrative purposes. (e) *Users of official statistics*, including the general public, the media, researchers and students, businesses, national and local authorities, non-governmental organizations, international organizations and authorities of other countries who receive or access official statistics. (f) *The Statistical Advisory Council*, broadly representing different user categories, as described in the Statistical Law.
	2. Main principles and definitions of official statistics
2.1 Main principles of official statistics	*Producers of Official Statistics* shall develop, produce and disseminate official statistics of [country name] according to the following main principles of official statistics and other agreed statistical principles: (a) ***Professional independence***, meaning that *Producers of Official Statistics* shall decide, independently and free from any pressures or interference from political or other external sources, on the development, production and dissemination of statistics, including the selection of data sources, concepts, definitions, methods and classifications to be used, and the timing and content of all forms of dissemination. *Producers of Official Statistics*, in their respective areas of competence, may comment publicly on

Common element	*Description of the common element*
	statistical issues and any misuse of official statistics; (b) ***Impartiality and objectivity***, meaning that official statistics must be developed, produced and disseminated in a neutral, reliable and unbiased manner according to professional standards and free from any political statements or considerations. All users must be given equal and simultaneous access to official statistics; (c) ***Accuracy and reliability***, meaning that official statistics must reflect as faithfully, accurately and consistently as possible the reality and be based on scientific criteria used for the selection of sources, methods and procedures; (d) ***Coherence and comparability***, meaning that statistics are consistent internationally and comparable over time and across regions and countries; (e) ***Clarity and transparency***, meaning that official statistics must be presented in a clear and understandable way, and the methods and procedures applied must be transparently communicated to users to facilitate proper interpretation; (f) ***Statistical confidentiality and exclusive use for statistical purposes***, meaning that individual data collected or obtained by *Producers of Official Statistics* that refer to natural or legal persons are to be strictly confidential used exclusively for statistical purposes and accessed solely by those authorized to do so under the Law; (g) ***Relevance***, meaning the degree to which official statistics meet current and emerging user needs and honour citizens' right to public information. (h) ***Cost-effectiveness***, meaning the best possible use of all available resources for achieving the outcomes. The outcomes of statistical work should be planned making full use of technological advances and weighing the outcomes against the necessary efforts by the *National Statistical System* and those providing input to the statistical work.
2.2 Definitions of the Law	(a) ***Use for statistical purposes*** *means* the exclusive use of data for the development, production and dissemination of official statistics, quality improvement, statistical analyses and statistical services, including all activities regulated by the Statistical Law; (b) ***Statistical survey*** *means* the primary collection of individual data from respondents of a given population carried out by a Producer of Official Statistics exclusively for statistical purposes through the systematic use of statistical methodology; (c) ***Administrative data*** *means* data collected by, or on behalf of, national and local authorities and bodies other than *Producers of Official Statistics*, for administrative purposes in conformity with other than statistical legislation; (d) ***Statistical unit*** *means* the basic observation unit, namely a natural person, a household, an economic operator and other undertaking, referred to by the data; (e) ***Individual data*** *means* the most detailed level of data about statistical units; (f) ***Identifier*** *means* a sequence of characters allowing unique identification of a statistical unit from its name, exact geographical location or identification number. An identifier may allow direct identification, meaning the identification of an

Common element	*Description of the common element*
	individual statistical unit from one or a combination of identifiers. Identification done by any other means is referred to as indirect identification; (g) ***Dissemination*** *means* the activity of making official statistics, statistical analyses, statistical services and metadata accessible to users; (h) ***Release*** *means* the dissemination activity by which official statistics, including revised statistics, become publicly known for the first time; (i) ***Production*** *means* all the activities related to the necessary collection, processing, analysis and storage of data to compile official statistics; (j) ***Development*** *means* the activities to set up, strengthen and improve statistical methods, concepts, standards and procedures used for the production and dissemination of official statistics; (k) ***Metadata*** *means* data and other documentation that describe statistical data and statistical processes in a standardised way by providing information on data sources, methods, definitions, classifications and data quality; (l) ***Coordination of national statistical activities*** means the synchronization and integration of methods, classifications, definitions and internationally agreed concepts among *Producers of Official Statistics* to ensure the successful implementation of the statistical programmes.
	3. Organization of the National Statistical System
3.1 **NSOs' position within the government**	*National Statistical Office* is a professionally independent body organized under the authority of [select according to the national context, e.g. Prime Minister / President of the country].
3.2 **NSOs' tasks and role**	*National Statistical Office* is the main *Producer of Official Statistics* in [country name] and responsible for coordinating all activities for the development, production and dissemination of official statistics within the *National Statistical System* and in consultation with partner organizations when relevant in the view of the *Chief Statistician*. *National Statistical Office* shall ensure the uniform and timely production of official statistics, guide and review the application of statistical methodology and standards, carry out research and take action to continually enhance the quality of official statistics in collaboration with *Other Producers of Official Statistics*. *National Statistical Office* shall advise the government and the public on issues related to data collection, statistical methodology, dissemination and use of statistics. *National Statistical Office* cannot be assigned responsibilities that are in contradiction with the main principles of official statistics defined in the Statistical Law.
3.3 **Coordination committee for official statistics**	A coordination committee, consisting of representatives of all *Producers of Official Statistics* in the country, and operating under the chairmanship of the *National Statistical Office*, shall coordinate all activities within the *National Statistical System*. The activities of the coordination committee include discussion, review and coordination of: - statistical work programmes, - common dissemination policy,

Common element	*Description of the common element*
	- common quality assurance framework and common quality label, - common confidentiality rules, - common statistical methodology and standards to be applied.
3.4 Appointment of the Chief Statistician	*National Statistical Office* is led by the *Chief Statistician* [replace with the official title everywhere in the Law] appointed without delay by [Prime Minister / President of the country on the proposal of the government] for a fixed term of [X] years. [Any renewal of the term shall be done exclusively on the basis of a new publicly announced vacancy and an open competition.] The procedures for the recruitment and appointment of the head of *National Statistical Office* and, where appropriate, heads of *Other Producers of Official Statistics*, are transparent and based on professional criteria only.
3.5 Termination of office of the Chief Statistician before its expiry	The term of office of the *Chief Statistician* cannot be terminated before its expiry for any reasons compromising statistical principles. The term of office may be terminated only for the following reasons: (a) Own resignation of the *Chief Statistician*; (b) Termination of citizenship; (c) A court decision declaring the *Chief Statistician* incapable or of limited capacity to work; (d) A lawful sentence of the court for intentional crime, or imprisonment according to the lawful sentence of the court; (e) Death of the *Chief Statistician*.
3.6 Responsibilities of the Chief Statistician	The professional independence of officials responsible for the tasks set out in this Law is ensured. The *Chief Statistician* shall lead the strategic development of official statistics, partnerships and stakeholder relations to enhance the value of official statistics. The *Chief Statistician* shall represent the *National Statistical System* at the international level and coordinate the international collaboration of the *National Statistical System*. The *Chief Statistician* shall be responsible for the general management and development of the *National Statistical Office* and its staff, including its central and regional offices (if applicable), in full conformity with national legislation and professional independence. The *Chief Statistician* shall independently decide on the structure, use of resources, tasks and appointment of the staff. The *Chief Statistician* shall decide on the content of the draft multi-year and annual statistical programmes including the statistical outputs and the implementation reports in consultation with users of statistics and *Other Producers of Official Statistics*. The *Chief Statistician* may issue standards and guidelines as [insert correct legal category] to be applied across the *National Statistical System* for the development, production and dissemination of official statistics. The *Chief Statistician* may promote the use of the standards, classifications and terminology applied in official statistics and by respondents, administrative data providers and in society. The *Chief Statistician* shall facilitate the correct interpretation of statistics and is entitled to comment on the use and misuse of statistics.

Common element	*Description of the common element*
3.7 **Mandate of other producers of official statistics**	*Other Producers of Official Statistics* shall be professionally independent entities with exclusive or primary activities related to the development, production and dissemination of official statistics. The Head of *Other Producers of Official Statistics* shall be responsible for the development, production and dissemination of official statistics, as assigned in the annual statistical programme. The Heads of *Other Producers of Official Statistics* shall be appointed on the basis of a publicly announced vacancy and an open competition based on the relevant professional competence.
	4. Statistical Advisory Council and other advisory bodies
4.1 **Definition of the Statistical Advisory Council**	The *Statistical Advisory Council* shall advise the government and the *Chief Statistician* on issues of strategic importance to official statistics of [country name]. The mandate and composition of the *Statistical Advisory Council*, as well as its work, shall be public.
4.2 **Composition of the Statistical Advisory Council**	The *Statistical Advisory Council* shall be composed of at least [insert number] appointed members who broadly represent different user categories. Preferably the public sector representatives shall not form the majority of the *Statistical Advisory Council*. The *Chief Statistician* shall be a member of the *Statistical Advisory Council*, and *National Statistical Office* shall provide the secretariat. *National Statistical Office* shall be granted adequate resources necessary for covering the costs of the functioning of the *Statistical Advisory Council*.
4.3 **Appointment of the members of the Statistical Advisory Council**	The members of the *Statistical Advisory Council* shall be appointed by the [government / president of the country] upon a proposal on the bodies or groups to be represented. Their period of office shall be limited to [insert number] years. The *Statistical Council* shall elect from its members a chairperson. The *Chief Statistician* shall provide the secretariat to the *Statistical Advisory Council*.
4.4 **Tasks of the Statistical Advisory Council**	The *Statistical Advisory Council* shall carry out the following tasks: (a) Make proposals for strategic development of official statistics and ensure that the statistical programmes reflect the priority information needs of society; (b) Promote transparency and accountability of the *National Statistical System* and evaluate the implementation of the statistical programmes and follow up on the implementation of strategic development activities; (c) Act as a custodian of the principles of official statistics and assess and advice on issues of compliance with them; (d) Promote the use of official statistics as an evidence base for public policies, evaluation and decision making; (e) Provide its opinion on the statistical programmes and their implementation and consider the implications of the budget allocation on the implementation of the statistical programmes; (f) Adopt the rules of procedure of the *Statistical Advisory Council* to regulate its tasks, organization, working methods and decision making. The *Statistical Advisory Council* may carry out independent external evaluations of specific domains, activities or

Common element	*Description of the common element*
	organizational entities within the *National Statistical System*.
4.5 Definition of other advisory bodies	The *Chief Statistician* may set up other advisory bodies with members from within and outside of the *National Statistical System* in support of strategic and methodological activities in official statistics. The mandates and composition of these bodies, as well as their work, shall be public.
	5. Coordination of the National Statistical System and statistical programmes
5.1 Coordination of national statistical activities	All *Producers of Official Statistics* shall use uniform, internationally agreed concepts, definitions, classifications and methods wherever possible.
5.2 Programming of national statistical activities	Statistical programmes, including a multi-year statistical programme and an annual statistical programme, shall be established as key instruments for effective strategic and operational management and coordination of activities in the *National Statistical System*. *National Statistical Office* shall be responsible for preparing the statistical programmes, in close consultation with users of statistics, respondents and administrative data providers. *Other Producers of Official Statistics* shall be involved in the process and provide the *National Statistical Office* with the necessary inputs.
5.3 Criteria for inclusion as official statistics	The *Chief Statistician* shall decide on the inclusion of producers in the *National Statistical System* as *Producers of Official Statistics*, the inclusion of their deliverables and related activities in the draft statistical programmes based on a transparent, documented process using the following criteria: (a) The producer demonstrates its capability and willingness to comply with the provisions of the Statistical Law and the principles of official statistics; (b) The deliveries and activities shall not duplicate those conducted by other producers nor result in an excessive burden on respondents.
5.4 Reporting on statistical programmes	*National Statistical Office*, in close coordination with *Other Producers of Official Statistics*, shall be in charge of reporting on the implementation of the statistical programmes including, if needed, measures for improvement. The reports shall be submitted for opinion to the *Statistical Advisory Council* or to another body representing users of statistics. The implementation reports and the opinion of the *Statistical Advisory Council* shall be made public.
5.5 Objective and scope of the multi-year statistical programme	A multi-year statistical programme shall be established for the *National Statistical System* to define the strategic development of official statistics of [country name], aiming at satisfying existing and emerging user needs. A multi-year statistical programme shall provide a vision and priorities for the development of the *National Statistical System* for the next [select: five or other number] years and establish the required deliveries and development actions, weighing them against the necessary resources.

Common element	*Description of the common element*
5.6 Objective and scope of the annual statistical programme	An annual statistical programme of the National Statistical System shall be established each year as an operational translation of the multi-year statistical programme to update the list of *Producers of Official Statistics* including: (a) Official statistics to be released; (b) Statistical surveys to be carried out by *Producers of Official Statistics* and an estimate of response burden; (c) Transmissions of administrative data or data from other existing sources to *Producers of Official Statistics*; (d) Main development activities of official statistics considered to have priority, including major training programmes, to be implemented by *Producers of Official Statistics*; (e) Statistical registers to be maintained and developed.
5.7 Adoption of statistical programmes	*National Statistical Office* shall submit the multi-year and the annual statistical programmes to the *Statistical Advisory Council* or to another body representing users of statistics for opinion and subsequently for adoption to the appropriate body no later than [2-3] months before the start of the reference period of the programme. The body approving the statistical programmes shall not interfere with issues covered by professional independence, or with statistical activities of autonomous national authorities.
5.8 Resources for statistical production	*Producers of Official Statistics* shall be granted adequate human, financial and technical resources necessary for the implementation of the statistical programmes.
	6. Data collection
6.1 Mandate for data collection	*Producers of Official Statistics* shall be entitled to access and collect data from all public and private data sources free of charge, including identifiers, at the level of detail necessary for statistical purposes. *Producers of Official Statistics* shall be committed to limiting response burden and reusing data by considering data sources that already exist. If not, data can be obtained through statistical surveys.
6.2 Responsible data collection	Data collection shall be designed with due consideration to quality of statistics, costs of data provision and response burden.
6.3 Mandate to process data in the possession of NSS	Irrespective of the data collection methods and sources, data obtained by *Producers of Official Statistics* for statistical purposes are in their possession and shall be processed, stored and disseminated in full compliance with the provisions of the Statistical Law. *Producers of Official Statistics* shall be entitled to edit and validate data, combine data from different sources and carry out individual data integration exclusively for statistical purposes and use statistical methodologies and techniques as appropriate.
6.4 Exchange of data within the NSS	*Producers of Official Statistics* shall exchange data and metadata within the *National Statistical System* for statistical purposes to avoid any duplication of data collection and improve the quality of official statistics.

Common element	*Description of the common element*
6.5 Informing respondents	Respondents shall be informed about the purpose and scope of statistical surveys and their legal basis, as well as about the uses of the data, measures to ensure confidentiality of data, and possible obligation to provide data.
6.6 Participation in statistical surveys	The participation in statistical surveys is compulsory for [private and public entities]. The participation of persons, households and all other respondents in a given statistical survey can be declared compulsory in the annual statistical programme for all or some of the respondents, and for all or some of the questions. [In exceptional cases, the *Producer of Official Statistics* may decide to remunerate household respondents to a survey that imposes a significant burden.]
6.7 Respondents' responsibilities	Information provided in a statistical survey shall be truthful and submitted within the required time-frame, in the required format and free of charge.
6.8 Follow up with respondents	*Producers of Official Statistics* shall be provided the necessary information and access to approach respondents. *Producers of Official Statistics* are entitled to follow up with respondents if no reply is received by the deadline, or if inconsistencies or gaps are detected.
6.9 Mandate to access administrative data	Administrative data providers are obliged to provide *Producers of Official Statistics*, free of charge, with data in their possession, including identifiers, at the level of detail necessary for the production of official statistics and with the metadata, where possible, that enable assessing data quality. The administrative data providers shall maintain the continuity of the supply of administrative data to the extent possible. Subject to the national legal context, the legal mechanisms for legit mation, for instance the statistical programme or other means, shall be taken into account.
6.10 Administrative data providers' obligation to consult	If the providers of administrative data plan to develop a new data collection or carry out a major revision in their data collection or processing in a way that may significantly affect data provided for official statistics, they shall consult the *National Statistical Office* and, where appropriate, the *Other Producers of Official Statistics*, in advance of the decision.
6.11 Statistical registers	*National Statistical Office* may establish and maintain statistical registers, to be used exclusively for statistical purposes. Statistical registers refer to lists of statistical units and their characteristics, including identifiers that are necessary for statistical purposes.
	7. Statistical confidentiality
7.1 Definition of confidential data	Individual data subject to confidentiality are those that allow natural or legal persons to be identified, either directly or indirectly, thereby disclosing individual information. In addition, information declared as a state secret on the basis of [name of the legal act] are subject to statistical confidentiality.
7.2 Exemptions from confidentiality	Statistics, which may make it possible to identify a statistical unit, may be disseminated only if the statistical unit has unambiguously given its consent to the disclosure of data. Statistics referring to national or local authorities are not protected by statistical confidentiality, unless declared as state secrets. The *Chief Statistician* can waive the protection of statistical confidentiality

Common element	*Description of the common element*
	for other legal persons of the public sector.
7.3 Exclusive use for statistical purposes	*Producers of Official Statistics* shall use individual data exclusively for statistical purposes. Individual data obtained exclusively for statistical purposes shall not be used for any investigation, surveillance, legal proceedings, administrative decision making or other similar handling of matters concerning a natural or a legal person by any authorities or international organizations. Each *Producer of Official Statistics* shall protect confidential data in such a way that the statistical unit cannot be identified, either directly or indirectly, when account is taken of all relevant means that might reasonably be used by a third party.
7.4 Secure data processing	Each *Producer of Official Statistics* shall protect individual data, confidential aggregates and statistics prior to their release and take all necessary regulatory, administrative, technical and organizational measures to prevent access by unauthorized persons.
7.5 Secure data storage	*Producers of Official Statistics* may process and store individual data with identifiers for the time necessary for statistical purposes.
7.6 Access to individual data (exemptions)	*Producers of Official Statistics* shall not disclose individual data to any users, except, under strict regulation in public use files and individual data for research purposes in line with the regulations of the Statistical Law.
7.7 Public use files	*Producers of Official Statistics* may produce and release public use files from individual data only if the data have been processed so that identifiers have been removed and natural or legal persons cannot be identified in any way, either directly or indirectly. To determine whether a natural or legal person is indirectly identifiable, account shall be taken of all relevant means that might reasonably be used including any other published information.
7.8 Access to individual data within the NSS	*National Statistical Office* and *Other Producers of Official Statistics* are entitled to exchange individual data, including identifiers, exclusively for statistical purposes in their respective area of competence in official statistics. Each such transmission must be authorized by the *Chief Statistician* and the conditions documented in a mutually signed agreement. A list of all such transmissions shall be made publicly available on request.
7.9 Researchers' access to individual data	*Producers of Official Statistics* may, on request, grant access to their individual data for scientific research projects in line with the conditions and terms prescribed by the *Chief Statistician* and following these principles: (a) Access shall be granted for statistical and research purposes only, and not for any administrative, adjudicatory, or other programmatic use, nor for onward-sharing of data; (b) The decision to grant or not to grant access shall be based on detailed description of the purpose, goals, and methodologies; (c) Access is strictly limited to the data that are directly relevant and necessary to accomplish the purpose and goals of the research project; (d) Access shall be granted free of charge or at a price covering

Common element	*Description of the common element*
	direct data extraction and service development costs only; (e) The data provided for research purposes cannot include identifiers; (f) The *Producer of Official Statistics* shall ensure adequate and required security safeguards to minimize the risk of loss, unauthorized access, destruction, modification, or unintended or inappropriate disclosure of individual data that access for research purposes is given to; (g) A list of all such permits to access data for research purposes shall be made available on request for accountability; (h) Research reports and analysis based on the outcomes of having access to statistical data shall be made publicly available. Before the *Producer of Official Statistics* authorizes access to individual data subject to statistical confidentiality for scientific research in their area of responsibility, the recipients' technical infrastructure and framework for the full protection of confidential data shall be ensured in compliance with the Statistical Law. *Producers of Official Statistics* may set a price as a compensation for the additional costs incurred by preparing the data, as regulated in [name of the legal act].
7.10 Confidentiality commitment	A confidentiality commitment shall apply upon taking up functions in official statistics to: (a) All regular and temporary staff of the *National Statistical Office* and *Other Producers of Official Statistics*; (b) Any other persons who are authorized to access data subject to statistical confidentiality. The commitment remains binding even after the cessation of the person's functions listed in points a and b above.
7.11 Subcontracting	*Producers of Official Statistics* may subcontract parts of tasks related to statistical production or support activities to a third party only when the full protection of statistical confidentiality and professional independence can be ensured. Third parties shall use and maintain the data exclusively for the operations and only for the duration defined in the subcontract.
	8. Quality of official statistics
8.1 Quality commitment	*Producers of Official Statistics* shall be committed to continually assessing and improving the quality of official statistics in terms of relevance, accuracy, reliability, timeliness, punctuality, transparency, clarity, coherence and comparability. To guarantee quality, official statistics shall be developed, produced and disseminated on the basis of common standards and harmonized methods on the scope, concepts, definitions, units and classifications of official statistics. This shall be done in compliance with the principles of official statistics as defined in the Statistical Law and internationally agreed statistical standards and recommendations. To improve the quality of official statistics, *Producers of Official Statistics* shall be entitled to edit and validate data, combine data from different sources, carry out record linking and matching of individual data exclusively for statistical purposes and use statistical estimation techniques to fill gaps. *Producers of Official Statistics* shall document sources and

Common element	*Description of the common element*
	methods used in the production process, as well as the resulting data sets, in a standardised way. Users shall be kept informed about the sources and methods of statistical production and quality of statistical outputs through metadata.
8.2 Quality assessment	Users shall be regularly consulted regarding the quality of official statistics. *Producers of Official Statistics* shall seek feedback from respondents to improve the quality of data collection and respondent services. *Producers of Official Statistics* may collaborate with the scientific community to assess and improve statistical methodology and encourage analytical work using official statistics. Assessments of the institutional environment, processes and outputs of the *National Statistical System* may be carried out by internal and external experts.
	9. Dissemination of statistical outputs
9.1 Dissemination of statistics	Official statistics shall be disseminated in a timely, punctual and effective manner in full compliance with the Statistical Law, particularly in respect of protecting statistical confidentiality and ensuring equal and simultaneous access as required under the principle of impartiality.
9.2 Advance release calendars	Each *Producer of Official Statistics* shall establish and make public an advance release calendar at least [2-3] months in advance indicating the planned dates and times for the releases of official statistics. Any expected divergence from the advance release calendar shall be communicated to the public before the planned release date. A new date for the release shall be set within reasonable time and made public.
9.3 Release of official statistics	Releases of official statistics shall be accompanied by metadata and explanatory comments, and access shall be granted to all users free of charge. Producers of Official Statistics may set the price of printed publications and other material, as regulated in [name of the legal act]. Official statistics shall be clearly distinguished from any other statistics when released. Errors discovered in released official statistics shall be corrected, and the corrections shall be released and communicated to users at the earliest possible time. Users are entitled to use official statistics and the related metadata in their own products with indication of the data source.
9.4 Dissemination policy	*National Statistical Office* shall establish: (a) A coordinated dissemination policy with transparent procedures to be applied across the *National Statistical System*; (b) A unified terminology for dissemination of all official statistics.
9.5 Major revisions	Major revisions due to changes in methods shall be notified publicly in advance.

Common element	*Description of the common element*
	10. Statistical services
10.1 Statistical services	On customers' request, *Producers of Official Statistics* may provide statistical services using data collected or obtained for statistical purposes or provided by the customer. Statistical services shall not jeopardize the production and quality of official statistics or the credibility of the *National Statistical System*. The confidentiality provisions and the quality provisions of the Statistical Law shall fully apply to the provision of statistical services.
10.2 Provision of other services	*Producers of Official Statistics* may render IT infrastructure or other non-statistical services provided that statistical confidentiality and the physical and logical protection of data collected or obtained for statistical purposes is ensured. While respecting the national constitutional environment strict segregation of the data in terms of organization, personnel and space could be necessary.
10.3 Funding the production of statistical services	Customers shall bear the additional costs of statistical services in compliance with the price set by the *Producer of Official* Statistics, as regulated in [name of the legal act]. The income shall be retained by the *Producer of Official Statistics* and shall only cover the additional costs of carrying out the service activity and the needed statistical service development.
10.4 Transparency in the production of statistical services	The public shall be informed of statistical services that are carried out regularly. Results of any statistical services that are provided without compensation, including their metadata, shall be made publicly available.
10.5 Provision of statistical services involving data collection	*Producers of Official Statistics* may agree to collect specific data on the request of an international, national or local authority. Responding to surveys carried out for the purpose to provide statistical services involving data collection (at the request of another authority) cannot be declared compulsory for respondents. The provisions concerning statistical surveys, confidentiality provisions and the quality provisions of the Statistical Law shall fully apply to the provision of statistical services involving data collection.
	11. International cooperation
11.1 Engagement in international cooperation	*National Statistical Office*, and *Other Producers of Official Statistics* in their respective areas of competence, may actively participate in international work to develop and implement statistical standards and recommendations.
11.2 International transmission of statistics	*National Statistical Office* shall coordinate the transmission of official statistics to international organizations and authorities of foreign countries observing legislative requirements.
11.3 International transmission of individual data for statistical purposes	*National Statistical Office* with *Other Producers of Official Statistics*, as relevant, may enable the voluntary exchange of individual data exclusively for statistical purposes in the area of competence of a *Producer of Official Statistics* of a foreign country. *National Statistical Office* shall ensure that the recipient has the necessary legal framework in place for the full protection of confidential data.

Common element	*Description of the common element*
	Each such transmissions must be authorized by the *Chief Statisticians* of the involved *Producers of Official Statistics* and the conditions be documented in a mutually signed agreement. Such agreements do not diminish the responsibility of the *Producer of Official Statistics* to ensure the confidentiality of the data they exchange. A list of all such transmissions shall be made publicly available on request.
	12. Infringements
12.1 Violation of confidentiality	Violations of the confidentiality provisions of the Statistical Law shall be prosecuted as regulated in [name of the legal act, such as the Criminal Code]. The penalties provided for shall be effective, proportionate and dissuasive. Any person or organization with access to data before its release, or to data subject to statistical confidentiality, using this information for purposes other than those authorized by the Statistical Law, shall be prosecuted as regulated in [name of the legal act for example for transactions at financial markets for abuse of insider information].
12.2 Failure to fulfil the obligation to provide data	In the case of failure to submit individual data, in the case of wilful provision of false data or in the case of failure to comply with the provisions of data submission [as in Article] respondent may be fined as regulated in [name of legal act].
12.3 Arbitrary conduct of respondents	In the case of arbitrary conduct of the respondent, which has been manifested as abuse or intimidation of data collectors, or interference with the collection process, or impersonation of statistical officials, or encouraging others to not comply, respondent may be fined as regulated in [name of legal act].
	13. Relationship to other legislation
13.1 Relationship to other legislation	Any other legal act making reference to official statistics shall be adapted to comply with the Statistical Law. In case of conflicting legislation, the provisions of the Statistical Law or another act based on or mentioned in the Statistical Law shall apply. Statistics produced by authorities according to their own regulatory frameworks that do not comply with the provisions of the Statistical Law are not considered official statistics. The development, production and dissemination of data shall respect the provisions of [names of the legal act, such as Act on the Openness of Government Activities, Archives Act etc.] only if these are not in conflict with the Statistical Law.
13.2 Derogations from the Personal Data Protection Act	The relationship between the Statistical Law and the Personal Data Act is as follows [……..].Where personal data are processed for purposes of official statistics, Statistical Law may provide for derogations from the rights referred to in the Personal Data Protection Act [*can refer to specific Articles of the Personal data protection act or any other legal act*], in so far as such rights are likely to render impossible or seriously impair the production of official statistics, and as such derogations are necessary for the fulfilment of statistical programmes.

Common element	*Description of the common element*
13.3 Derogations from legislation on access to individual data	The relationship between the Statistical Law and other laws which set out provisions for access to individual data is as follows: Where data are processed for purposes of official statistics, Statistical Law [*the name of other law*] may provide for derogations from the obligations [prohibitions] referred to in those legal acts which set out provisions for access to individual data in so far as such obligations [prohibitions] are likely to render impossible or seriously impair production of official statistics, and such derogations are necessary for the fulfilment of purposes of the official statistics.
13.4 Obligation to consult statistical authorities regarding legislation	Any public institution or legal person shall consult the *National Statistical Office* on preparations of new laws or amendments to the current laws and other relevant activities considering and directly influencing activities carried out under the Statistical Law.

40. Each country has a different legal setting and specific strengths and shortcomings of the statistical systems as well as different circumstances nationally in terms of demands for statistics, and should read the common elements of statistical legislation accordingly. However, the common elements of statistical legislation also provide a possibility for countries to be able to review the current solutions adopted in their statistical legislation and ask if new issues presented in the common elements would be useful in the national context. Finally, it will be up to countries to apply or to not apply these common elements and select those elements that are essential for the national context.

41. The common elements and their descriptions reflect practices that are in line with the Fundamental Principles of Official Statistics, the European statistics Code of Practice and the OECD Recommendations on Good Statistical Practice. Therefore, these elements provide an authoritative benchmark for developing national statistical legislation. One should also bear in mind that not everything described in the Fundamental Principles can be regulated by the means of legislation, and also relies heavily on the good statistical practice.

42. The common elements of statistical legislation and the way in which they are formulated should not restrict modernizing statistical legislation further and should be seen as a minimum level, but already an advanced level, that should help to remove legislative barriers to releasing the full value of statistics.

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Leading, composite and sentiment indicators, interim report

Guidelines on producing leading, composite and sentiment indicators – draft

Note by the Task Force on leading, composite and sentiment indicators

Summary

The document provides an extract of the draft *Guidelines on producing leading, composite and sentiment indicators*. The purpose of the Guidelines is to clarify the possible roles of NSOs in producing leading, composite and sentiment indicators, and to provide practical guidance on the production of these types of indicators.

The Guidelines are prepared by the Task Force on leading, composite and sentiment indicators, composed of Denmark (Chair), Hungary, Israel, Italy, Mexico, Netherlands, Turkey, Eurostat, Organisation for Economic Co-operation and Development and United Nations Statistics Division. Mr. J. Boschhouwer and Mr. G. Luigi Mazzi are members of the group as independent experts. Sweden chaired the Task Force until October 2017.

In October 2017, the CES Bureau reviewed the draft and requested the UNECE secretariat to send the document to all members of the CES for electronic consultation to gather input for finalising the Guidelines.

The current extract of the Guidelines is prepared for translation purposes. It includes selected parts of the Guidelines: (i) background; and (ii) the role of NSOs in producing leading, composite and sentiment indicators. The full text of the draft Guidelines has been sent to all members of the Conference for interim electronic consultation. It is available at: https://statswiki.unece.org/x/hoCmCg. The Secretariat will summarize the replies and inform the CES 2018 plenary session about the outcome of the consultation. Based on the comments received, the Task Force will continue to improve the draft Guidelines with the aim to submit the document to the CES 2019 plenary session for endorsement.

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I. Background

A. Leading, composite and sentiment indicators

1. Leading, composite and sentiment (LCS) indicators cover a broad and diverse group of statistical measures, which in different ways aim to provide information about the society and its individuals.

2. Leading indicators aim to anticipate the development of a reference series. Typically, leading indicators are constructed to predict the cycles of industrial production or gross domestic product (GDP), which are used as proxy measures for economic development. Composite indicators are constructed to measure more complex, or multidimensional phenomena by combining individual indicators into one single measure. Sentiment indicators are compiled to reflect the perceptions, attitudes or expectations of groups of respondents, e.g. different groups of individuals, households or businesses.

3. LCS indicators offer information on a range of topics that are not covered by what may be considered traditional official statistics, or which typically have not been covered by national statistical offices. Moreover, LCS Indicators may also provide information on complex issues in a relative simple or condensed form, which appeals to many users of statistics, including policy makers and the media, who increasingly refer to LCS indicators.

4. Over the previous decade there has been a growing demand for LCS indicators, which are becoming still more common in different areas, including business cycles analysis, measuring of well-being and sentiment indicators expressing the confidence of business in the economic development or that of households towards the future or their sense of happiness or safety. LCS indicators are also becoming more and more common for international comparisons to assess country performance, and are increasingly used for policy making.

5. The demand for LCS indicators has been driven by evolving user needs for indicators that are easier to compare, provide information in condensed form and shed light on areas traditionally not covered, or not covered very well, by most national statistical offices (NSOs). Some LCS can be compiled relatively quickly and hence give earlier indications of developments than can be found in traditional statistical series. The development is facilitated by the growing abundance of data, processing power and IT tools, which makes the production of LCS indicators much easier than in the past. Hence, many LCS indicators are produced by other data providers than the NSOs.

B. The role of NSOs in producing LCS indicators

6. LCS indicators are potentially an area where official statistics could engage for the benefit of all stakeholders. However, there are different practices among countries, as well as different views on the role of NSOs in the production of LCS indicators. Some NSOs consider LCS indicators out of scope of what they should produce, or do not see LCS indicators as a priority. Some NSOs also fear that engaging in the production of LCS may harm the credibility of the NSOs as the provider of official statistics.

7. Other NSOs have considerable experience in producing LCS indicators, or are considering the possibility to engage in the production of LCS indicators. NSOs can ensure that indicators are produced based on the principles of official statistics and by disseminating the indicators improve users' perception of the relevance and value of official statistics. It can also be argued that if statistical offices do not use their data and expertise to produce these indicators, they may be produced by other organisations not

adhering to the principles of official statistics. Such organisations may not invest the necessary resources to ensure the production of high quality indicators, nor disseminate sufficient documentation of data sources and methods.

8. There is, however, no consensus on what the role of national statistical offices should be with regard to LCS indicators. Should LCS indicators be left to others, or should NSOs take a greater role in the development and production of LCS indicators? Should NSOs be more active in providing data and offering their expertise to other organisations producing LCS indicators?

C. Scope of the Guidelines

9. The scope of the Guidelines is leading, composite and sentiment indicators. The focus is on sentiment and composite indicators. Leading indicators are not dealt with as a separate group of indicators but considered a subset of composite and sentiment indicators. Hence, the discussion of composite indicators also covers leading composite indicators and the discussion of sentiment indicators cover leading sentiment indicators.

10. The Guidelines do not deal with individual quantitative indicators that may be interpreted or used as sentiment or leading indicators. For instance, inventory statistics, building permits statistics, car sales statistics or industrial production indices may be used as indicators of business expectations, or as early indicators of the business cycle. The guidelines also do not deal with traditional statistical measures, such as the gross domestic product (GDP) or the consumer price index (CPI). The role of NSOs in their production is well-established and a wealth of international statistical standards and recommendations on their production are available for NSOs to draw upon.

D. Initiatives by the Conference of European Statisticians

11. Due to the growing importance of LCS indicators the Bureau of the Conference of European Statisticians (CES) undertook an in-depth review of leading, composite and sentiment indicators in January 2014 with the aim to discuss the role of official statistics in this context. As a basis for the in-depth review, the UNECE Secretariat carried out a survey on the practices in the area of LCS indicators of NSOs in December 2013 and received replies from 38 CES countries[1]. The survey confirmed different practices and different views on the involvement of NSOs in the production of LCS indicators.

12. The Bureau concluded that exchange of experiences and best practices would help countries, which are producing such indicators, even though work in this area is not a priority for all statistical offices. Development work should be carried out at an international level with the NSOs' involvement to share experiences and avoid duplication of efforts. The Bureau also found that the area lacks international coordination and a systematic approach, that there is a need to achieve a common understanding of the role of statistical offices in this area as well as for guidance for NSOs that produce or consider producing LCS indicators.

13. The CES plenary session in April 2014 confirmed a large interest of NSOs in LCS indicators but also different views on to what extent NSOs should engage in the production of LCS indicators. The Conference concluded that it would be useful to further discuss the

[1] Armenia, Australia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Hungary, Israel, Italy, Japan, Kazakhstan, Latvia, Lithuania, Mexico, Moldova, Mongolia, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, Sweden, Switzerland, Turkey, Ukraine and United Kingdom.

role of official statistics and the challenges in compiling and disseminating LCS indicators and to clarify the responsibilities and boundaries of national statistical offices' roles with regard to LCS indicators.

14. In February 2016 the Bureau agreed to establish a Task Force on Leading, Composite and Sentiment Indicators to develop recommendations of good practices for NSOs for producing LCS indicators. The recommendations should clarify the possible roles of NSOs in producing LCS indicators, suggest criteria for NSOs involvement in the production of LCS indicators and provide guidance for NSOs' production of such indicators. Throughout, the recommendations should take relevant methodological guidelines and handbooks into account, such as those provided by Eurostat, the OECD and UNSD[2]. The recommendations should not duplicate existing material but refer to this when useful and give guidance on how to select between different methods.

E. Purpose of the Guidelines

15. The Guidelines should provide guidance to compilers and managers in NSOs that produce or consider producing composite or sentiment indicators. The guidelines should meet the needs of countries with experience in producing LCS indicators as well as countries that have no or less experience in this area.

16. There are three main objectives of the guidelines:

1. To clarify the role of NSOs and official statistics in producing LCS indicators

17. The Guidelines should clarify the different roles of NSO in producing LCS indicators and give strategic advice on how to meet user demands for LCS indicators while adhering to the principles of official statistics and not risking the trust in NSOs statistics. Identify problems and issues associated with the production of the indicators and discuss the challenges – opportunities and risks – for NSOs in producing LCS indicators. Guidance on the preconditions and limits for NSOs involvement in the compilation of the different types of indicators and on communication should also be provided.

2. Provide strategic and operational guidance to NSOs on producing LCS indicators

18. The Guidelines should give strategic and operational guidance on how to compile and disseminate LCS indicators. To this end, it should include a typology of LCS indicators and recommend steps and methods that can be applied by NSOs, without going into methodological or technical details. Instead, references to existing methodological manuals and handbooks should be provided. The Guidelines should also address quality assurance based on the principles of official statistics for NSOs' production of LCS indicators, highlight risks and pitfalls in the compilation and dissemination and how these may be dealt with, and address issues related to international comparability.

3. To provide examples of good practice to NSOs for producing LCS indicators

19. The Guidelines provide a collection of good practice examples of compilation and dissemination of LCS indicators, which describes data sources, compilation methods and dissemination.

[2] The Handbook on Constructing Composite Indicators (OECD, 2008), Towards a Harmonised Methodology for Statistical Indicators Parts 1-3 (Eurostat, 2014, 2017 and 2017a) and the Handbook on Cyclical Composite Indicators (EU and UNSD, 2017).

F. Overview of the Guidelines

20. The Guidelines are structured in seven chapters and annexes. Each chapter can be read separately, while the reader should be familiar with the main concepts used, which are described in Chapter 3. The guidelines also include national and international good practice examples presented throughout the chapters and in the Annexes.

21. *Chapter 2* discusses the role of NSOs in producing LCS indicators to meet user needs while adhering to the principles of official statistics by providing impartial and relevant information to the society. The chapter discusses the main challenges faced by NSOs and describes different strategies applied by NSOs in relation to producing LCS indicators. It also presents an analysis of possible strengths, weaknesses, opportunities and threats (SWOT) of NSOs producing LCS-indicators.

22. *Chapter 3* presents a typology of LCS indicators. The typology defines and explains the different types of indicators and provides examples of the main indicator types. The typology focuses on sentiment and composite indicators. For both a distinction is made between indicators with a reference series i.e. a series that the indicator aims to estimate, and indicators without reference series. Leading indicators are not dealt with as a separate group of indicators but considered a subset of composite and sentiment indicators.

23. *Chapter 4* presents sentiment indicators. The chapter deals mainly with single economic and single socio-economic sentiment indicators. The chapter provides information on the background, compilation procedures, usage, pros and cons and analysis of sentiment indicators. Issues related to international comparability are also addressed in this chapter.

24. *Chapter 5* provides an overview of economic composite indicators. This chapter presents the most commonly used models for composite economic indicators and provide guidance on their compilation. It highlights advantages and disadvantages/risks of composite economic indicators and issues and pitfalls NSOs should be aware of when constructing these. A distinction is made between *cyclical indicators* and *structural indicators*. The chapter presents in a condensed form the steps involved in the production of a cyclical composite economic indicator based on the OECD (2008) Handbook for constructing composite indicators and the EU/UNSD (2017) Handbook on Cyclical Composite Indicators.

25. *Chapter 6* focuses on Composite socio-economic indicators. It provides some background on socio-economic composite indicators and highlights their difference to economic composite indicators treated in Chapter 5. Furthermore, it presents the main steps for constructing a composite socio-economic indicator: setting-up the conceptual model of the indicator; selection of dimensions and indicators; data treatment; multivariate analysis, normalisation of data, weighting and aggregation; and validation. Aggregating over different dimensions, lack of reference series and lack of a common unit of measurement (as given in monetary units for economic indicators) bring in additional challenges in the construction of socio-economic indicators that are discussed.

26. *Chapter 7* discusses the communicating of LCS indicators, which is considered a strategic factor for success. The chapter lists the specific challenges involved in communicating indicators and gives guidance on how to meet the quality criteria of official statistics when disseminating the indicators. The chapter provides practical examples of good communication of indicators by use of different means of communication and visualization methods.

II. The role of NSOs in producing leading, composite and sentiment indicators

A. Introduction

27. The growing demand and use of leading, composite and sentiment (LCS) indicators raises a number of challenges to national statistical offices (NSO) in terms of their role in the production of such indicators, which involves both opportunities and risks.

28. Historically most LCS indicators have been produced by other organisations than NSOs, including government organisations, research institutes or private bodies, or international organisations. However, today many NSOs have engaged in the production of LCS indicators, or are considering whether to move into this area of statistical indicators.

29. Engaging in the production of LCS indicators is an opportunity to address changing user needs, gain visibility and demonstrate the relevance of official statistics by meeting societies' need for statistics produced according to the principles of official statistics. On the other hand, LCS indicators may be considered to fall outside what NSOs should be producing. Measuring subjective or complex/multi-dimensional phenomena may not be seen as in line with the role of official statistics, and there is a concern that engaging in the production of such indicators could harm the trustworthiness of the NSO.

30. To respond to the demand for LCS indicators, NSOs therefore need to consider the opportunities and risks of engaging in the production of LCS indicators in line with the requirements of impartiality and quality of official statistics.

B. Growing and changing user needs

Over the last decades user needs have evolved quickly reflecting technological and economic developments. In many areas such as well-being, IT-investments, business cycle indicators, environment and sustainable development policy makers and societies have demanded more and timelier data and new types of statistics.

1. Socio-economic sentiment indicators

31. The Stiglitz-Sen-Fitoussi Commission on the measurement of economic performance and social progress looked beyond the traditional GDP measure and suggested areas where more statistical information is needed. The report concluded, among other things, that many aspects of well-being remain difficult or impossible to measure in monetary units and greater importance should be given to develop qualitative and multi-dimensional measures of well-being. Some of these non-monetary indicators are objective but the report also recommends the use of subjective indicators. The Commission listed the following dimensions of well-being and quality of life that should be taken into account: material living conditions (income, consumption, and wealth), health, education, personal activities (including work), political voice, social connections and relationships, environmental conditions and physical and economic security.

32. The work of the Stiglitz-Sen-Fitoussi Commission was followed by an increased interest in measuring well-being, satisfaction with quality of life (including quality of employment), happiness and other 'subjective' areas of life and society that may fall outside what traditionally has been considered in scope of many statistical offices. This, in turn, increased the demand for composite socio-economic indicators covering different dimensions and measures of subjective well-being and triggered comprehensive research of new and more appropriate socio-economic indicators.

2. Economic sentiment indicators

33. Business and consumer tendency surveys and resulting confidence indicators have emerged since the 1960's. In the 70's the EU established standard frameworks which the OECD adapted in the 1990's and currently assist Asian and Latin American countries in adopting. The economic crisis in 2008-2009 revealed a lack in economic statistics regarding data that describes such developments in a better and timelier way, taking the growing complexity in the financial markets and the intertwined relations between real and financial economies into account. As a result of the economic crisis a considerable amount of research have been devoted to further developing business cycle indicators, indicators intended to forecast economic turning points and consumer confidence indicators.

34. Obviously, societies will continue to change as will the demands from users of official statistics. Evidence-based decision making will increase the demand for coherent and relevant statistics at a national level. At the same time, continuing globalisation will increase the importance of the statistics being internationally comparable in order to perform comparisons between countries and regions.

C. Pros and cons of LCS indicators

35. Leading, composite and sentiment (LCS) indicators cover a broad group of statistical measures, which in different ways aims to provide information about the society and its individuals. The main pros and cons of the different types of indicators are summarised below.

1. Composite indicators

Pros	Cons
• Can summarize complex, multi-dimensional realities • Are easier to interpret than a battery of many separate indicators • Facilitate communication with general public and promote accountability • Suitable to bring issues on the policy agenda • Help to construct/underpin narratives for lay and literate audiences • Enable users to compare complex dimensions effectively • Can be used to assess developments over time and for evaluating country performance	• May send misleading information • Invite to simplistic conclusions • Use of weighting that could be subject of political disputes • May disguise serious failings in some dimensions and increase the difficulty of identifying proper remedial action, if the construction process is not transparent • Lack of internationally agreed practices

Source: OECD (2008), pp 13-14

2. Leading indicators

Pros	Cons
• Can be used to give early warnings of changes in the business cycle • Can be used for forecasting possible turning points and recession/expansion phases	• May prove to provide poor predictions/forecasts • May not over time maintain its leading quality compared to a given reference series • Underlying methodology may be questioned

3. Sentiment indicators

Pros	Cons
• Can provide information of sentiment/subjective issues not elsewhere available • Timely and present, which may be published in advance of any corresponding *quantitative* statistics • Simple in its messages, well-suited for communication	• May be criticized for being subjective, and not reflecting reality • Production and communication of the indicators may challenge the traditions and practices of the NSO

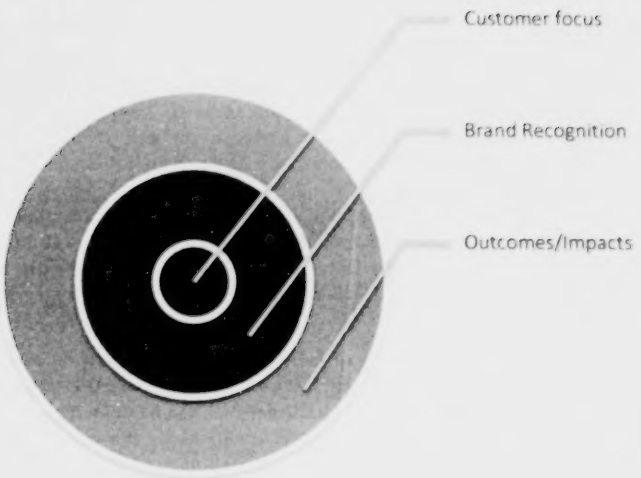
D. The role of official statistics

36. Producing official statistics to meet societies' needs for relevant, independent and reliable statistical information is a key purpose of NSOs. According to the Fundamental Principles of Official Statistics, official statistics should provide relevant and impartial statistics to be made available to the citizens. NSOs need to continuously develop their statistics to reflect the changes in society and stay relevant. As societies are changing, NSOs have to develop and refine statistics to meet the changing user needs.

37. Figure 1 illustrates three key dimensions of the value of official statistics. *Customer focus* is in the centre, underlining the responsibility of NSOs to meet society's need for relevant and impartial information. *Brand recognition* means that statistics produced by NSOs (or others) according to the principles of official statistics is being recognized as impartial and reliable and of high quality. The *outcomes impacts* dimension refers to the use of official statistics. The value added of official statistics increases with increasing use of the data. Hence, user needs should be in focus of the NSOs' planning and production of statistics.

38. However, the principles of official statistics do not spell out in detail what to be considered as official statistics, or how official statistics in detail should be compiled or published. Also, the borderline of official statistics is not static. As societies change, NSOs need to review and eventually change the way in which statistics is produced and develop new statistics to remain relevant, while adhering to the principles of official statistics.

Figure 1
The dimensions of the value of official statistics



Source: Recommendations on the value of official statistics. Note by the Task Force on the value of official statistics, presented to the CES Bureau meeting in February 2017.

39. Recent examples include, e.g. the frameworks to compile sustainable development indicators and for measuring quality of employment, areas in which NSOs have engaged by producing statistics only recently[5]. The development of the System of Environmental-Economic Accounting is another example of a framework that allows NSOs to engage in the production of statistics which earlier were not undertaken by NSOs.

40. Looking at LCS indicators in terms of the above-mentioned dimensions of the value of official statistics, the starting point would be an assessment of whether there is a need for statistics of this type. The NSO would need to evaluate priorities, available resources and cost/benefits of engaging in the production of LCS indicators.

41. Secondly, if the NSO decides to produce a LCS indicator, it should ensure that the indicator is produced meeting the quality criteria of the statistical office and that the indicator is considered of high reliability and quality by users to live up to the brand of official statistics. The outcomes/impacts of producing LCS will depend on the use of the indicators.

E. Cooperation with stakeholders and users

42. It is useful to recall two functions that indicators may have. Firstly, the informative function, when indicators are communicated to inform about different phenomena. Secondly, indicators may also have a social function. This is the case when indicators are used to assess the development or the performance in a given area. This allows different social groups or the public in general to participate in the discussions and the decisions in society on a better informed base.

[5] UNECE (2013), Measuring Sustainable Development, and UNECE (2015), Handbook on Measuring Quality of Employment

43. Especially through their social function, indicators "can contribute to the construction of a common definition of the situation and to prior agreement on the facts" for the progress of society. In this way, official statistics assume the role of an important element in the democratic process as referred to in the first of the UN Fundamental Principles of Official Statistics: "Official statistics provide an indispensable element in the information system of a democratic society".

44. Relevance is a core quality of official statistics. To ensure the relevance stakeholders and users should be consulted. Stakeholders and users will have needs and views on e.g. which dimensions should be included in a composite indicator, which questions should enter a sentiment indicator, or which population or population groups should be in scope etc. Furthermore, stakeholders and users may have expert knowledge in the specific area that the indicator aims to cover that the NSO can draw on. Those developing indicators also need to understand how and why indicators are being used, so they can be designed in a form that is understandable to users and meets their needs. Box 1 provides an example of an NSO actively engaging with stakeholders and citizens in the development of composite indicators for well-being.

45. In principle, the development of indicators should be based on a wide consensus reached through a dialogue involving all relevant stakeholders and user groups. Potential groups that could be consulted depend on factors such as (1) the purpose of the indicator; (2) the institutional and political set-up and traditions of the country; (3) the policy priorities of the involved organisations; and (4) the time and resources available for the development of the indicator.

46. For technical topics such as the measurement of economic performance, where a specific expertise is required, the relevant stakeholders could be only policy makers and experts specialised in that domain. For other topics potentially engaging the society at large, such as measuring well-being or sustainable development, a much wider group than the technical experts should be involved. Stakeholders may thus also include citizens and non-governmental organisations representing different segments of society.

47. It is essential to establish an ongoing interaction between data producers and data users. Users, for instance policy makers, user groups or organisations, may assess the relevance of proposed dimensions and indicators for a given purpose, and statisticians can assess the measurability of dimensions and indicators in an iterative process. An ongoing dialogue with users is a key to producing high quality statistics that are also policy relevant, especially as indicators may change as scientific knowledge, policy concerns and data availability progress. It is worth mentioning that when indicators are used for monitoring a specific policy, the definition of the indicators should be kept constant to be able to assess the development over time, e.g. if the situation is moving towards a given kind of target.

48. In summary, communication with stakeholders and users relates to the social function of indicator-based communication, which enables citizens to participate with a better informed opinion in society's decision making. It opens statistics to the democratic process and enables users to have their say on the relevance of the statistical indicators. By being involved in the development of indicator sets, citizens no longer play the role of passive users of statistics but become 'co-creators' of the statists. As a result, they may obtain knowledge allowing them to evaluate societal progress and to develop informed opinion. Interactivity plays a central role both at the early stage of developing the indicators and later at the stage of their dissemination. Advancements in information technology which allow for interactivity can facilitate this approach.

Box 1
Developing well-being indicators in Israel

The Israeli indicator of well-being, sustainability and national resilience

49. In 2012 the Israeli government adopted a resolution to develop indicators on well-being, sustainability and national resilience. The purpose was to have a comprehensible, updated and sound picture of the well-being of Israeli citizens in terms of a set of economic, social and environmental indicators. The indicators should provide information for policy making, whether by the government or other decision makers, and to the public for assessing progress and changes in well-being.

50. The development of the well-being indicators was led by a Steering Committee comprising representatives of the Office of the Prime Minister, the National Economic Council, the Ministry for Environmental Protection, the Ministry of Finance and the Central Bureau of Statistics. The Steering Committee was asked to decide what dimensions to include, appoint work teams for each dimension and present a recommendation to the government on which dimensions and indicators to include. To ensure broad consensus, a thorough consultation with stakeholders and the public in general was carried out. As part of this, online questionnaires were conducted as well as workshops and focus groups to get a feedback from the public. The online questionnaire asked respondents to rank proposed dimensions by their importance to quality of life and to suggest other dimensions that could be included or possible indicators to be used for the dimensions.

51. As a result of the consultation 9 dimensions were selected: 1) quality of employment, 2) personal security, 3) health, 4) housing and infrastructure, 5) education and skills, 6) personal and social well-being, 7) environment, 8) civic engagement and governance, and 9) material standard of living. For each dimension, an expert team was established consisting of representatives of government departments, research institutions, civil society organisations and private sector organisations, to suggest 8 indicators for each dimension and the desired direction of change of each indicator. The work of each team was led by a relevant ministry. E.g. the work on material standard and living was led by the ministry of finance, and the work on education was led by the ministry of education.

52. Based on the proposal by the Steering Committee the Israeli government adopted a resolution in 2015, requesting the Central Bureau of Statistics to publish annually the indicators of well-being, sustainability and national resilience. The indicators were first published in 2016. For the dimensions where it was found meaningful to compile a composite indicator the composite indicator is compiled as the unweighted average of the individual indicators of the dimension. It was also decided to develop two additional dimensions: information technology; and leisure, culture and community. Indicators for these two dimensions have been established and were included in the release of the indicators in March 2017 comprising 11 dimensions.

53. The Publication CBS-IL (2015), 'Well-being, sustainability and national resilience indicators' provides additional information and details. It is available on http://www.cbs.gov.il/statistical/sust161_e.pdf

F. Quality assurance of LCS indicators

54. Different quality assurance frameworks for official statistics exist, such as provided by the UN, the European Statistical System or OECD. The frameworks cover Institutional environment, Statistical processes and Statistical output and list a number of criteria to be met to ensure the quality of the statistical production. The frameworks to some extend diverge and provide different levels of detail, but essentially cover the same criteria

required to ensure that statistics produced are relevant, timely and accurate and comply with the principles of professional independence, impartiality and objectivity.

55. While the production of LCS indicators should meet all criteria of official statistics the following criteria are particularly important to consider for the production of LCS indicators:

Institutional environment, Statistical processes

- Professional independence;
- Impartiality and objectivity;
- Methodological soundness.

Statistical output

- Relevance;
- Accuracy and reliability;
- Coherence and comparability;
- Accessibility and clarity;
- Timeliness and punctuality.

1. Institutional environment, Statistical processes

56. Professional independence, impartiality and objectivity, and methodological soundness refer to the institutional environment and the statistical processes. In brief, these criteria can be summarised as follow:

57. *Professional independence* implies that statistics should be developed and produced without interference or pressure from other government agencies, policy makers, or the private sector. This is required to ensure the credibility of official statistics. Developing LCS indicators may involve engaging with stakeholders, including government agencies, policy makers and organisations. Such cooperation should be transparent and organised to ensure proper roles for all involved groups.

58. *Impartiality and objectivity* imply that statistics should be produced on an objective basis determined solely by statistical considerations. Sources, concepts, methods, processes and data dissemination should be chosen based on statistical considerations and national and international principles and best practices.

59. *Methodological soundness*. This criterion means that statistics should be produced based on sound statistical methods and according to internationally agreed standards, guidelines or best practices. Methods involved in the production of LCS indicators may not be familiar to the NSO and may be questioned or criticised for being based on value judgements. Hence, before engaging in their production, NSOs need to carefully consider and examine possible compilation methods and ensure that the indicators can be produced on sound methodological basis without jeopardizing the trust in official statistics or questioning the impartiality of the NSO. To this end, data sources and methods should be fully documented and made available to users to ensure transparency.

60. To the extent possible, indicators and their component series should align with the scope and definitions of other statistics. For indicators with a reference series scope and definitions should follow those of the reference series. For indicators without reference series, for example a composite indicator on well-being or a single sentiment indicator on households' perception of security or their economic situation, there is no measured statistics to target.

61. However, the quality of component series, including their scope, is transmitted to the composite indicators. Therefore, to the extent possible, component series should be in line with agreed scope and definitions in the areas they are intended to cover. Components

series may often come from other official statistics, in which case they should follow agreed definitions. When this is not the case, as with component series from other organisations that do not follow agreed definitions, differences in e.g. scope and definitions should be considered before introducing the component series in the composite indicator. Using component series that are in line with existing definitions will improve the quality of the composite indicator and facilitate comparison with other related statistical series, also when there are no reference series.

62. It is recommended to refer to available international methodological guidelines, such as provided by Eurostat, OECD and the UN.

2. Statistical Output

63. Statistical output should meet the following quality criteria:

64. *Relevance*, which reflects the degree to which the statistics meets user needs. The statistical agency's challenge is to assess and balance the conflicting needs of current and potential users in order to produce statistics that satisfy the most important needs within given resource constraints.

65. *Accuracy and reliability*. Statistics should accurately and reliably portray reality. The accuracy of statistical information reflects the degree to which the information correctly describes the phenomena it was designed to measure. Reliability concerns whether the statistics measure the reality that they are designed to represent consistently over time.

66. *Coherence and comparability* imply that statistics are consistent internally and over time and comparable over statistical domains and geographical areas. This also implies that the statistics should be produced using common standards with respect to scope, definitions, classifications and units.

67. *Accessibility and clarity*. Statistics should be made available in a clear and understandable form, accessible to all users in suitable and convenient formats. Documentation and supplementary explanation, which are necessary for the proper understanding and use of the statistics should be made publicly available.

68. *Timeliness and punctuality*. Timeliness refers to how fast after the reference period data are released. Punctuality refers to whether data are released on the expected, preannounced dates. LCS indicators should be released according to international recommendations on timeliness and punctuality, and be in line with the release of other official statistics. The added value of leading indicators derives from being timelier than the statistics whose movement they aim to anticipate, e.g. by providing an idea about the macroeconomic development before the established statistics is released.

3. Experimental statistics

69. When developing LCS indicators it may be the case that not all quality criteria can be met or the statistical office may feel uncertain if the indicator is suitable to be published. In such cases statistical offices have the possibility to publish the indicator as experimental statistics, with a clear distinction from other official products. This would allow the statistical office to gain experiences and collect feedback from users and stakeholders without putting the impartiality or the professional reputation at risk.

G. Challenges and strategies

70. Many NSOs are already involved in producing LCS indicators or are considering whether to produce such indicators to meet user needs. Several NSOs have good experience

in producing LCS indicators and have found that the statistical expertise and impartiality of the NSO places them in a strong position for compiling and disseminating such indicators. Compiling and disseminating LCS is seen as an opportunity for NSOs to demonstrate the relevance and value of official statistics and an opportunity to reach out to new user groups and gain visibility.

71. Other countries do not see LCS indicators as a priority area, or they find that LCS indicators are out of scope of what the NSO should produce. The methods involved in their production may not be considered in line with the principles of official statistics since they may involve value judgements or subjectivity in the selection of data sources and methods, and the quality of the indicators may not meet the quality standards for official statistics. There is also a concern that producing LCS could harm the general trust and reputation of the NSO and compromise its role as the provider of impartial statistical information based strictly on professional considerations. Being a new area for many NSOs, the dissemination of LCS may also constitute a risk, including on how to react on misuse or misunderstandings or explain unexpected developments of the indicators. NSOs refraining from or hesitating towards producing LCS indicators may consider entering cooperation with external statistical agencies.

1. Policy challenges of producing LCS indicators

72. The development and the production of an LCS indicator would involve a number of steps similar to those that would be used when developing other statistics, as illustrated in Figure 2 below.

Figure 2
Steps in developing an LCS indicator

73. As mentioned earlier, the first step when developing new statistics is to identify user needs, which may involve consultation with users and stakeholders. Once the needs are identified, it is crucial to develop a sound conceptual model to serve as a framework or reference frame on which to base the compilation of the indicator. Based on the conceptual model the statistical model should be established. The statistical model would define the indicator series and all component series and the involved calculation steps to get from the component series to the indicator, including procedures for aggregation and weighting and any treatment of data series (i.e. normalisation, smoothing or other manipulations). To the extent possible the statistical model should be tested and validated using available data series to ensure it has the intended properties. This step may also involve consultation with users, stakeholders or experts with particular knowledge. After careful validation, the statistics should be released and communicated to the users with appropriate documentation and explanations. Obviously, there may be feedback from the users that should be considered and which eventually could lead to changes in the way the indicator is being produced.

74. While the development of LCS indicators to some extent follow the same steps as many other official statistics, LCS indicators nevertheless challenge the borderline of what type of statistics should be produced by NSOs. Depending on the type of indicator, their production may question existing policy and practices in different ways.

(a) Leading indicators

75. Many NSOs restrict their statistics to cover only historical periods for which data can be obtained, and are not involved in producing forecasts or predictions of what may happen in the future. There may be a 'division of labour' according to which the NSO produces historical data, while it is left to the users of the statistics to produce forecasts or estimates of future developments. However, the limit is not clear.

76. While many NSOs already produce model based statistics such as nowcasts, flash estimates or early indicators, NSOs in general refrain from compiling or disseminating forecasts, even if the borderline between these may not always be very clear, for instance they may rely on similar statistical models or techniques.

(b) Composite indicators

77. Compiling composite indicators involves the selection of individual component series and weighting these together to one composite measure. The composite indicator may include several different dimensions, which also will have to be selected and weighted together. For example, a composite index of well-being may include dimensions such as income, health, employment, housing, personal/family relations and more. Assigning weights to the component series and the dimensions may be seen as difficult or subjective, and beyond the role of official statistics. Some international methodological guidelines are available, notably the Handbook on Constructing Composite Indicators (OECD, 2008) and the Handbook on Cyclical Composite Indicators (EU and UNSD, 2017). However, no commonly agreed practices in statistical offices have been developed.

(c) Sentiment indicators

78. Sentiment indicators are sometimes viewed as dubious and of inferior quality compared to traditional *quantitative* statistics. Hence, producing sentiment indicators may be seen as outside the scope of what the NSO should be engaged in, and e.g. not in line with producing *quantitative* or "objective" statistics. There is a distinction between relatively simple and well-established sentiment indicators and more complex sentiment indicators such as requested by Stiglitz, Sen and Fitoussi (2009). Simple sentiment indicators are produced by many statistical offices based on business or household surveys that include questions on whether the respondent expects production to develop in the next period, or households' plans for their future consumption etc. More complex sentiment indicators that aim to measure different aspects of quality of life or wellbeing are rarer. These require a theoretical and statistical framework to be developed and may involve different dimensions in which case both dimensions and individual indicators of the dimensions will have to be selected and aggregated. These may also be more difficult to communicate to the users and the public in general and may be subject to discussion and criticism.

2. Strategic challenges

79. The growing demand for LCS indicators poses strategic challenges to NSOs in terms of both opportunities and risks. On the one hand, engaging in the production of LCS indicators is an opportunity to produce such indicators according to the principles of official statistics, meeting user needs, reaching out to new user group and demonstrate the relevance of official statistics. Producing LCS indicators may also be a first step in developing standardized indicators aimed to measure such phenomena as the Sustainable Development Goals (SDG) or Beyond GDP/Quality-of-life concepts, as they can be adapted for specific purposes. If what matters is not measured, there is a risk that official statistics will lose visibility and may become marginalized. In addition, not engaging in the production of LCS indicators does not imply that these are not produced by others, but they may be produced in a less standardized way and not adhering to the principles of official

statistics, and hence may be of poorer quality. It may also be argued that NSOs should engage in the production of LCS indicators from a cost-benefit point of view, since NSOs would have the statistical infrastructure required for and easy access to statistical series that could feed into the production of the indicators.

80. On the other hand, broadening the scope of official statistics to areas that have traditionally been considered outside the competence of NSOs can be a risk. Measuring subjective or complex/multi-dimensional phenomena may be controversial and seen as non-compatible with objectivity and impartiality, and could reduce trust in official statistics. The main strategic challenges that come with the demand for LCS indicators may be summarized as follows:

- Should the NSO engage in the production of LCS indicators, or leave this to others? And what are the opportunities and the risks of engaging or not engaging?
- If the NSO decides to engage in production of LCS indicators, how should the compilation and the dissemination be organized within the quality framework of official statistics?
- What role could the NSO play in relation to other organisations producing LCS indicators, e.g. in terms of providing data input and methodological expertise?
- How to continue work towards developing and harmonising the production of LCS-indicators as part of official statistics?

Based on practices in different countries three main strategies can be identified:

(a) The proactive strategy

81. NSOs with a proactive strategy are already producing LCSs, and are not waiting for international guidelines or recommendations. Focus in this strategy is to meet user needs and being visible in the realm of data being published by other institutions than the NSO. The strategy presumes availability of methodological expertise (or this needs to be developed) and involves some degree of learning-by-doing. It is also necessary to develop dissemination and communication practices. Advantages include gaining early experiences and reaching out to new user groups. On the disadvantage side, published data and underlying methods may be questioned and there is a risk that the impartiality and the general trust of the NSO may be harmed. This strategy is relatively resource demanding.

(b) The pending strategy

82. NSOs with a pending strategy consider producing LCS indicators but are in doubt and wait for more international guidelines or recommendations. This group also includes NSOs that produce one or two simple sentiment indicators or a composite index, but would like to do more. The strategy requires less in-house methodological resources than the proactive strategy. It benefits from using methods developed by others and is less resource demanding. The risks of making mistakes, for being criticised or harming the general trust to the NSO should also be reduced, compared to the proactive strategy.

(c) The non-producing or non-involving strategy

83. Some NSOs find that compiling and disseminating LCS would fall outside of what they should do and do not see this as a priority of official statistics. It may also be that the NSO does not feel to have the necessary expertise or, more generally, the resources to allocate to this area. Another possibility is that LCS indicators are produced by other organisations, so there may not be a significant demand for the NSO to move into the area. While a safe strategy, abstaining from producing any LCS indicators may lead to loss of visibility and failing to address changed user needs.

3. Strategic partnerships – providing data and statistical expertise to other producers of indicators

84. The limited resources of official statistics and the increasing availability of 'non-official' data (e.g. big data) suggest that official statistics will not be the only source of information. There is therefor also the possibility that the NSO engage as provider of input data or statistical expertise to other producers of LCSs. This could also involve e.g. quality control for third-party data, which could result in development of more trusted data. Box 2. gives an example of a strategic partnership between Statistics Sweden and the Swedish National Research institute.

85. The strategies are not static. An NSO can have different strategies for different types of LCS indicators, and the strategy for a particular type of indicator may change over time and depending on the relevance of the indicator and the users' request for it.

Box 2
Strategic partnerships of Statistics Sweden

Most official statistics in Sweden is produced by Statistics Sweden. Official statistics not produced by Statistics Sweden is produced by other agencies adhering to the principles of official statistics, with whom Statistics Sweden cooperates. One example is the ***Business Cycle Barometer for Sweden***, which is a composite sentiment indicator produced by the National Research Institute. The indicator is part of official statistics, and Statistics Sweden provides statistical and methodological support and advice to the National Research Institute on the production of the indicators, including on the weighting of component series etc.

Source: The Swedish national research institute

H. Strengths, weaknesses, opportunities and threats

86. This section considers possible strengths, weaknesses, opportunities and threats for NSOs engaging in producing LCS indicators. Strengths and weaknesses are considered to catch factors that are internal to the organisation, while opportunities and threats generally relate to external factors.

87. Strengths include advantages of NSOs compared to other organisations in the production of LCS indicators. What puts the NSO in a better position than other organisations in terms of knowledge, IT, economic, legal or other factors. It also includes what the public would consider a strength of the organisation.

88. Weaknesses are considered to cover internal factors that may prevent the organisation from engaging in the production of LCS indicators, or make this difficult. Weaknesses may also be limitations, such as e.g. the need for NSOs to compile statistics according to the principles of official statistics, which on the other hand also presents a strength of NSOs.

89. Opportunities may come from changes in demand and in technologies, or changes in government policy related to official statistics. When assessing opportunities, it is useful to look at the organisation's strengths and ask whether these open up any opportunities. Alternatively, one may look at the weaknesses and ask whether eliminating these would open opportunities.

90. Threats include external factors which one way or the other provide risks or obstacles to the NSO. This could include activities of competitors or budget restrictions, or technological development, for instance.

91. The boxes below only cover what could be of general concern to all or most NSOs. NSOs may conduct their own SWOT, or similar analysis, taking more detailed and country specific factors into account.

Strengths	Weaknesses
- The brand of official statistics and the general trusts in NSOs as providers of impartial and high-quality statistics - The global network of recommendations and statistical competences that NSOs can draw on - Statistical and methodological expertise - Wide knowledge of and access to data sources - Efficient production by drawing on existing infrastructure and in-house data sources - Experiences in communicating statistical information - The use of existing tools and platforms for dissemination	- Possible conflicts with the role or the priorities of the NSO or limitations by national legislation - Lack of internationally agreed good practices on producing LCS indicators to lean on - LCS indicators may not live up to the existing quality standards of the NSO - Lack of resources to develop or regularly compile and communicate LCS indicators, which may require new methods and competences - Necessity to implement a suitable quality assuring programme

Opportunities	Threats
- Demonstrate the relevance and value of official statistics by producing needed LCS indicators - Meet emerging user needs, reach out to new user groups and gain visibility, while ensuring compliance with the principles of official statistics - Increase trust in the indicators and facilitate broader usage of these as tools for policy making and business decisions - Increased relevance of official statistics already produced, as input into LCS indicators - Opportunity to engage in or strengthen partnerships with other producers of LCS indicators - Increase expertise by using new IT-tools and new data sources	- Possible criticism of the NSO and reduced trust in official statistics if the LCS indicator is seen as non-compatible with the role of the NSO - Poor performance of LCS indicators may lead to criticism of methods and statistical professionalism - Possible higher risks for misinterpretation or misuse compared to other, well-established statistical series - Influence from outside the NSO on the production of LCS indicators could be a serious threat to the quality of the indicators and the general trust in the NSO - Lack of resources and budget constraints

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Item 4(g) of the provisional agenda
Reports, guidelines and recommendations prepared under the umbrella of the Conference: Exchange and sharing of economic data

Exchange and sharing of economic data

Note by the Task Force on exchange and sharing of economic data

Summary

The document informs the Conference of European Statisticians (CES) of the initial findings and progress of work of a Task Force aiming to advance exchange and sharing of economic data. The Task Force was set up by the CES Bureau in February 2017 as an outcome of an in-depth review of this topic. The CES plenary session discussed exchange and sharing of economic data in June 2017, and asked the Task Force to report back early in its mandate to share its first findings.

The current note provides background information for the work (Section I); objectives and work plan of the Task Force (Section II); first findings of the Task Force (Section III) and a brief description of the planned next steps (Section IV). A more detailed progress report is given in document ECE/CES/BUR/2018/FEB/10 for the CES Bureau meeting (14-15 February 2018, Helsinki, Finland), available at: http://www.unece.org/index.php?id=47409.

The Conference will be invited to discuss the exchange and sharing of economic data and provide input for further work in this area.

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I. Background

1. Many statistical offices are considering how to exchange data more effectively, especially on the large and complex multinational enterprises (MNEs). New data exchange mechanisms are needed, nationally and internationally, to enhance the quality, coherence and relevance of economic statistics and the efficiency of their production. Without a full picture of MNEs' activities, it is a challenge to ensure continued meaningful and correct measurement of global production and trade, and to understand the influence of MNEs on macro-economic and business statistics. There is an urgent need to analyse the risks and obstacles of data exchange and identify enablers that will lead to an increase in the sharing of economic data (including information on business structures) in statistical production.

2. The *Guide to Measuring Global Production*[1] (2015) identifies as a priority the need to develop new methods and sources for collecting and compiling statistics on the largest and most complex MNEs in a consistent and effective way. The Guide also notes the limits of national and international data sharing among producers of official statistics due to legal and confidentiality constraints, which in many cases seem to hamper the possibilities to improve the analysis of MNEs.

3. The 2015 and 2016 meetings of the joint UNECE/Eurostat/OECD Group of Experts on National Accounts recognized that data exchange is essential when looking for solutions to the challenges related to global production, and asked international organizations to consider ways to facilitate exchange and sharing of economic data. Countries emphasized the need for data confrontation and exchange between the producers of economic statistics within a country and between countries to enable proper data validation and improve quality, relevance and consistency of data across domains. Globalization requires statistical agencies to understand the significance of counterparty information to view both sides of the transaction. National circumstances, legal and technological challenges will need to be considered as well as possible risks, for example related to production processes of statistics, trust of respondents and the general public, and privacy issues.

4. In view of these developments, the Bureau of the Conference of European Statisticians (CES) carried out an in-depth review of the exchange and sharing of economic data in October 2016. As an outcome of the review, the Bureau emphasized that national and international data exchange is a prerequisite for statisticians to be able to depict economic reality, profile multinational enterprises and provide meaningful data on their activities. The Bureau stressed the urgent need to operationalize the exchange of data between national statistical offices (NSOs), and established a Task Force on exchange and sharing of economic data in February 2017 to facilitate progress in this area.

II. Objectives and work plan of the Task Force

5. According to its terms of reference (ECE/CES/BUR/2017/FEB/4[2]), the Task Force was established under the CES Steering Group on National Accounts for three years, until June 2020, after which it will submit a final report.

6. The Task Force will work in stages to share the results early in its mandate.

[1] https://www.unece.org/fileadmin/DAM/stats/publications/2015/Guide_to_Measuring_Global_Production__2015_.pdf

[2] http://www.unece.org/statistics/networks-of-experts/task-force-on-exchange-and-sharing-of-economic-data.html

7. At the first stage (until June 2018) the Task Force will analyse concrete examples of data exchange, and identify through these examples enablers and obstacles of data sharing and review the practical requirements of data exchange.

8. At the second stage (July 2018 – June 2020), the Task Force will develop guidance, tools and principles to facilitate the exchange of economic data. The guidance will also highlight innovative ways to exchange economic data to increase the quality, coherence and granularity of statistics and the ability to better analyse the activities of MNEs.

9. The Task Force based its work plan on the terms of reference (ECE/CES/BUR/2017/FEB/4/Rev.1), paragraph 11, points a) to c) and decided to split the first stage into four tasks when preparing the work plan as indicated below:

- Task A – Review concrete examples of useful data exchange (Lead: Finland);
- Task B – Identify enablers and obstacles and propose practical options (Lead: Canada);
- Task C1 – Find ways to describe MNEs and changes in their structures (Lead: United States);
- Task C2 – Large Cases Units in Statistical Institutes (Lead: Ireland).

10. Currently, the following countries and international organizations participate in the Task Force: Canada, Denmark, Finland (Chair), Italy, Ireland, Mexico, the Netherlands, United Kingdom, United States, European Central Bank (ECB), Eurostat, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), UNECE, the United Nations Statistics Division (UNSD) and World Trade Organization (WTO).

11. The Task Force involves experts on national accounts and balance of payments as well as business statistics, foreign trade and other related economic statistics. UNECE acts as Secretariat of the Task Force.

III. First findings of the Task Force

A. Need for data sharing

12. Traditionally, NSOs have relied on direct data collection from enterprises and individuals. There are certain evident benefits from direct data collection:

- Ability to determine the contents of data collection so that it suits the needs of statistical production and the users of statistics;
- Guaranteed confidentiality of the data collected for statistical purposes as the NSO can act as an independent, impartial and objective agency when collecting data directly;
- Good control over the quality of the data collected based on established methodologies and professional practices.

13. These traditional benefits are, however, being challenged by societal change, including:

- Public administrations are collecting lots of data to carry out their tasks. Often these data can be used for the compilation of official statistics. In areas where administrative data are similar to data collected by NSOs for statistical purposes,

important reductions in response burden can be achieved by making use of administrative data:

- Enterprises are digitalizing their administrative and other information management systems. These digitized systems are increasingly standardized, rigid and adapted for certain reporting purposes. To adapt enterprises' reporting systems to provide data that has been tailored to changing statistical needs is getting more difficult and expensive;
- The economies are globalizing and enterprises often operate as parts of global value chains. To compile reliable statistics based only on data from enterprises active in the country of the NSO is, therefore, getting more challenging;
- NSOs are typically operating under national jurisdiction and they have no legal rights to request data from entities operating outside the national border.

14. In many countries, NSOs face the general requirement that the data needed for public administration – including statistics – should only be collected once. Furthermore, statistics need to remain relevant in the conditions of globalized economy, and provide more detailed and timely information about changes in the economy. This calls for more data going beyond the national territory or being available outside the reach of the national NSO.

15. To summarize, there are both external factors that influence data exchange (e.g. digitalization in its different forms) and statistical needs to increase data exchange to ensure the relevance and the overall quality of official statistics. Therefore, NSOs rely more and more on the use of secondary data and, consequently, exchange more data with other institutions, both nationally and globally.

B. Current practices of statistical offices in data exchange

16. This section analyses the outcomes of the in-depth review of the exchange and sharing of economic data. The review was carried out in October 2016, based on a paper by Statistics Finland with inputs from a number of countries and organizations. The paper identified issues and problems and made recommendations on possible follow-up in areas where progress is achievable, including the need to develop coordination mechanisms, exchange experience, develop general guidance and principles for data exchange, and develop technological tools for this purpose. The review was largely based on a survey of country experiences which was carried out in all CES member countries. The following overview of existing practices at national and international levels is based on the in-depth review and survey replies. The 48 respondents included national statistical offices and entities of central banks that produce official statistics. The respondents are referred to as "offices" in the following text.

17. The survey covered the following main areas: the current scope of economic data exchange nationally and internationally; organizational aspects of data sharing; benefits and challenges experienced; possible international activities in support of national capacity development and other comments by countries.

18. In the survey, all offices indicated carrying out some data exchange at the national level, the most commonly receiving or sharing aggregated data with other producers of statistics. This takes place in over 80 per cent of offices that responded to the survey. For micro-data exchange, almost 80 per cent of offices receive data from other producers of statistics and three out of four offices receive micro-data from administrative sources.

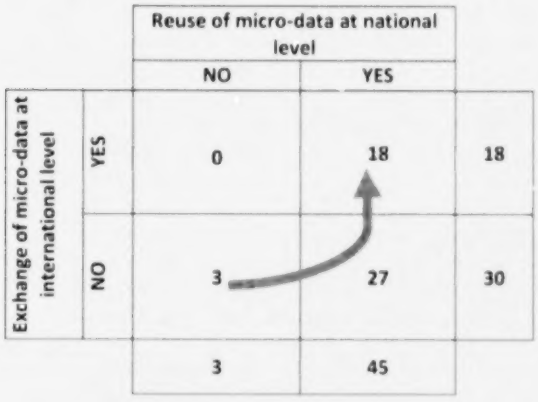
19. Half of the respondents receive micro-data from commercial sources; over half not only receive, but also provide micro-data to other producers of statistics and over two thirds provide micro-data for other purposes than statistical, for research.

20. Over 90 per cent of respondents have engaged in *international data exchange*. Typically, in more than 80 per cent, this international data exchange involved aggregated data. In fact, only one office in three engages in micro-data exchange.

21. Usually, data exchange takes place in statistics where cross-border transactions are recorded and the exchange aims at minimizing bilateral asymmetries between the same cross-border flows reported by different countries. The respondents emphasised that international data exchange may be facilitated by international organizations and based on bilateral or multilateral agreements between countries.

22. The survey revealed the increasing trend of micro-data sharing started 40 years ago when the first countries took steps towards the reuse of micro-data at national level. About 50 years ago, all countries were in the down-left corner, whereas currently only three offices out of 48 respondents remain there (Graph 1).

Graph 1
Trends in the exchange and reuse of micro-data



23. During the recent years, the reuse of micro-data has increased at national level and at international level the exchange of data is now increasing. Major factor here is the changed EU statistical law and Eurostat's SIMSTAT-project that enabled international micro-data sharing between statistical offices of the EU Member States in the domain of international trade in goods statistics. Now 18 offices of the respondents are in the up-right corner and this figure may increase in the near future.

24. However, *exchange of data on MNEs* is still relatively rare. Every fourth responding office has examined the activities of MNEs with other countries and every third office has examined MNEs within a country with other producers of official statistics. Some countries mentioned that they have benefitted from organizing MNEs' data collection through a specific large and complex enterprises unit (LCU).

C. Review of concrete examples of useful data exchange (Task A of the work plan)

25. The Task Force studied quite a few real data exchange cases and analysed the challenges and benefits experienced by participating offices (Task A of the work plan). At the same time, the Task Force also collected examples of agreements and Memoranda of Understanding that regulate data exchange. The Task Force will use these as a basis for developing tools and principles of data exchange in the second stage of work.

26. Before engaging in international data exchange on a larger scale, the first priority should be to improve national consistency of data on large MNEs across statistical domains. The Task Force has questioned whether it is possible to achieve coherent national data on large MNEs without any international data exchange. Having counterpart data helps to solve national consistency problems. Examples show clearly that international profiling has improved the understanding of national structures of MNEs. Based on practical experience, it seems that international profiling should at minimum cover the largest and most complex MNEs.

27. There are rules in place for national data sharing and even for international data sharing in the European Statistical System (ESS). Article 21 of the Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics as well as Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank accommodate the possibility of transmission of confidential data both within the ESS and the ESCB. However, there are no frameworks for bilateral or multilateral data exchange between statistical producers beyond EU. At the same time, MNEs operate well beyond EU. Perhaps the rules and conditions for national data sharing could be applied to international data sharing.

28. The important question is, of course, what will be the reaction of large MNEs to the exchange of their data among the producers of official statistics. The results of the ESSnet project on International Profiling provide some light to this question. Practical experience shows that obtaining the required information from MNEs is difficult in some countries due to the sensitivity of information. However, there was also an example where the sensitivity was not considered a major issue. For some cases, the majority of this information was available in published accounts and, therefore, there were no resulting issues with the sensitivity of data. This example also illustrated that businesses demonstrate a cooperative attitude once they are convinced that the statistical office is applying strict rules on confidentiality through signed agreements, and that data will be used for statistical purposes only. In Mexico, for instance, the statistical office has to inform the respondents about how their information will be secured.

29. Better profiling of MNEs is needed to improve the quality of economic statistics. It requires a level of international data sharing not seen before. This can only be achieved if clear rules and processes are put in place. All practices need to be transparent and well explained to the enterprises whose data are shared.

30. Brief descriptions of MNE's data exchange cases which the Task Force has analysed so far are presented below. The examples are split in regular and one-off data exchange cases.

1. Examples of regular data exchange

31. Current examples of regular data sharing mainly relate to formal and pre-defined data exchange where data structures and data sharing processes are predefined.

32. The Memorandum of Understanding on the Exchange of Import Data between Canada and the United States is a great example of long lasting micro-data exchange. Since 1990 Statistics Canada and the United States Census Bureau have shared customs import transactions and used the data to compile official export statistics. The strength of the Memorandum of Understanding on the Exchange of Import Data between Canada and the United States lies in its simplicity. It is five pages in length and contains five articles and two annexes. The Memorandum could serve as a basis for developing a generic agreement for data exchange between two statistical authorities of different countries.

33. The majority of the challenges over the years have been of an operational nature. Each time, the agencies have been able to adjust and adapt to the situation. The overriding success factor was a highly collaborative approach, intensive consultations and a common understanding of the challenges.

34. The agreement has enhanced the quality of the trade statistics and reduced respondent burden in each country. It has also resulted in a number of additional benefits: openness with respect to data confrontation and joint analysis, launch pad for future data exchange in the area of foreign affiliate statistics and regional (North American) supply-use tables and leveraging international statistical conferences to engage in data confrontation activities.

35. The EuroGroup Register (EGR) is a unique statistical business register, covering MNE groups which are partially or fully active in the EU. In the annual EGR production cycles, national statistical offices deliver to EGR micro-data on legal units, relationships, enterprises and enterprise groups. The national data are complemented with commercial data. Based on these data, applying predefined preference rules and priority order the EGR creates the global structures of the multi-national enterprise groups. The final picture on MNE groups is distributed to statistics compilers in all EU Member States and EFTA countries. These coordinated populations can be used as the frame for compiling statistics related to multinational groups at national level.

36. The EGR ensures that the national statistics compilers have a harmonised picture on the enterprise groups' structures and characteristics when producing national statistics related to globalization as well as related to other national enterprise statistics, involving a consistent delineation of cross-border phenomena. This register stores the units being part of multinational enterprise groups, the unit identifiers, the relationships within the group and some economic characteristics (such as turnover or employment). EGR is only one of the sources of national statistics compilers when producing statistics related to globalisation. EU and EFTA statistical offices and Eurostat are continuously working on the EGR to make it more complete and improve its quality.

37. The European Parliament/European Council Regulation 177/2008 regulates the data exchange processes and the actual data that can be exchanged between national registers and the EGR. The Commission Regulation 192/2009 and Commission Regulation 1097/2010 complement the basic EP/Council Regulation with more detailed provisions.

38. In 2009, Eurostat and ECB established the "FDI Network" to address the problem of asymmetries in the area of Foreign Direct Investment (FDI) statistics. The FDI Network is a platform aimed at facilitating the secured exchange of data on individual (enterprise level) FDI transactions and positions (above a pre-defined threshold) between the national compilers of the EU Member States involved. Eurostat provides the technical infrastructure and resources to facilitate the data exchange and reconciliation. In the FDI Network system, the initiator Member State sends via Eurostat's secure data transmission channel a reconciliation request to the counterpart Member State. The FDI transactions are exchanged on an on-going basis as soon as they become available to the FDI compilers. All EU Member States are currently part of the FDI Network. It is a voluntary action, not regulated

by EU legislation. Recently there have been some discussions on possibilities to expand the network to countries outside EU, which according to Eurostat is not possible in the near future due to resource constraints. Nevertheless, Eurostat is prepared to share the expertise gained in running the FDI network for a possible setup of a similar network for non-EU countries.

39. In accordance with a Memorandum of Understanding, Eurostat and ECB regularly exchange data in the area of national accounts and balance of payments (BoP) and international investment position (IIP) data. The key variables of data exchange include the main EU aggregates, sectoral accounts and financial accounts, monthly and quarterly BoP data on BoP and IIP. The main benefit is to ensure consistency of data between quarterly and annual aggregates. It is of utmost importance that both Eurostat and the ECB publish consistent financial accounts and balance of payments data.

40. On the basis of another Memorandum of Understanding between Eurostat and ECB on the quality assurance of statistics underlying the Macroeconomic Imbalances Procedure (MIP), the ECB provides Eurostat with quality assured datasets accompanied by a brief metadata report explaining major events and revisions of the datasets. The data are compiled by different institutions in different countries (national statistical offices or national central banks). The exchange of data between Eurostat and the ECB ensures the consistency and thereby improves the quality of quarterly and annual aggregates. The biggest challenge in this respect is the timeliness.

41. The 2014 *OECD Expert Group for International Collaboration on Microdata Access: Final Report* (Chapter 7. *Case study: A circle of trust in Nordic countries*) provides an interesting case where micro-data access has been provided for statistical purposes only in the Scandinavian countries. The national statistical offices of Denmark, Norway and Sweden exchange identifiable personal data to facilitate the identification of commuters across borders for the joint production of regional workforce flows across the national borders. The chapter also describes legal considerations on the EU and national levels.

42. The Memorandum of Understanding on the exchange of information among national central credit registers (CCR) for the purpose of passing it on to reporting institutions may provide some useful ideas. The purpose of this MoU is to provide a framework that will allow reporting institutions to obtain a more complete overview of the indebtedness of a borrower by allowing information available in national CCRs to be supplemented with information from other CCRs operating in the EU. The data sharing on CCR's does not directly serve statistical purposes, but CCRs are also used for statistics. Also, the planned data exchange within AnaCredit system could be studied. The examples do not only deal with MNEs, but they are very encouraging.

43. There are various draft regulations that the European Commission has submitted to the Council and Parliament as a response to the BEPS initiative, calling for transparency in MNEs' tax declarations in the member states. One of these regulations is Directive 2016/881 of 25/5/2016 (to amend Directive 2011/16/EU), which foresees the "mandatory automatic exchange of information in the field of taxation" regarding MNEs.

44. The example of Mexico focuses on better use of administrative data and the linking of data from different sources (administrative, census, other surveys). Data exchange occurs both at macro and micro levels. Use of different units in different data sources is an important challenge in data linking. At international level, Canada, Mexico and United States are planning to exchange data for the extended supply and use tables.

45. International cooperation on macro-economic statistics under the umbrella of the Inter-Agency Group on Macro-Economic Statistics and the Data Gaps Initiative has recently taken a further step in making selected macro-economic indicators more coherent. One of the main features of the cooperation is the establishment of clear distribution of

responsibilities between international organisations. GDP and selected related macro-economic indicators are transmitted by national data providers to international organisations. A subset of these data is subsequently shared among the international organisations concerned through common Statistical Data and Metadata eXchange (SDMX) standards. Following national compilation, validation and transmission, data is further validated once by an international organisation chosen as primary validator. Data is then shared and finally published through the existing dissemination systems of all international organisations involved.

2. Examples of one-off data exchange

46. There are also examples of ad-hoc data exchange between countries, where the level of data confidentiality varies (public, semi-confidential, confidential). For example OECD and Eurostat have organised workshops for members to discuss bilaterally asymmetries related to foreign trade statistics. The IT plans to develop this part concerning small scale data exchange further using the concept note on ad-hoc data exchange (prepared by Finland). Eurostat's Early Warning System (EWS) is also related to this type of data exchange but without confidential data.

47. During the period April – September 2015 a wide scale exchange of micro-data on intra-EU trade in goods took place in the EU. Twenty Member States exchanged micro-data on their exports (at trader and product level) with the respective partner countries for the reference period January 2013 – August 2015. Special IT system together with secure communication network was put in place for this pilot exercise. The purpose was to investigate the statistical re-usability and quality of the exchanged data as well as the technical feasibility of exchanging large volume of datasets in a secure and timely manner on a monthly basis. The use of mirror data for compiling intra-EU imports statistics could thus reduce the administrative burden on reporters on the intra-EU imports side. In its May 2016 meeting, the ESS Committee discussed the results. Main benefits are a) reduction of reporting burden on business, b) improvement of data quality, c) reduction of asymmetries. Main challenges are a) dependence on data from other countries, b) timeliness and calendar of data exchange, c) ensure data confidentiality and data security for the data coming from other countries. The ESS Committee recommended making the exchange of micro-data on intra-EU exports compulsory between EU Member States. The draft Framework Regulation on Integrated Business Statistics (FRIBS), will introduce mandatory exchange of micro-data on intra-EU trade in goods among Member States, if and when adopted.

48. Improving the quality of Foreign Affiliates Statistics (FATS) by exchange of micro-data between Nordic countries is an interesting case of one-off data exchange. The national statistical offices of Norway, Denmark and Finland negotiated a confidentiality agreement on the use of micro-level FATS data. This exercise revealed both methodological differences to be discussed and practical problems related to data coverage of different countries. The results of this project prove that by working together and sharing data the quality of statistics could be notably improved.

49. The World Trade Organization (WTO) carried out a project to analyse bilateral trade asymmetries between Costa Rica and its main trade partners. The project led to the development of methodology to reduce asymmetries observed between Costa Rica's reported merchandise trade statistics and the values reported by its trading partners, using mirror data. This exercise took place within the OECD project to develop symmetrical trade matrices for the construction of the global Input-Output tables underlying the OECD-WTO Trade in Value Added (TiVA) database.

50. The testing of European Profiling demonstrated many potential improvements to data collected in the United Kingdom (UK). For example, analysis using annual accounts and data shared by NSOs revealed significant missing turnover. Of the 26 cases that ONS

profiled. 19 led to agreement from all parties involved, i.e. the Global Enterprise Group (GEG), users of statistics and partnering NSOs. For the majority of these, employment, turnover and NACE variables were collected at the new enterprise level. Once cooperation was established with GEG, most had no issues regarding sharing data securely with other NSOs. For some cases, the majority of information was available in published accounts. So, there were confidentiality issues. However, concerns were raised in a few cases, especially in the oil industry, and whenever additional detailed data was requested to what had already been published. Some of the key European groups could not be profiled during this testing period due to not getting buy-in from the groups and not having a legal framework in place. Some GEGs which had agreed to co-operate, subsequently informed NSOs that data sharing was not possible. This is a concern if profiling is to be successful for the largest and most important GEGs. Although ONS has visited groups for many years, more intensive profiling highlighted the benefits of meeting senior accountants face-to-face to strengthen relationships. Through visiting GEGs, ONS profilers learned about the specific organisational structures. They identified similarities in the way groups operating in specific industries are organised, i.e. the oil and gas and chemical sectors. GEGs gave positive feedback, acknowledging the potential benefits that European profiling could bring to them. For some burden would decrease, as the proposed structure aligns with their own financial accounts. This means faster survey completion and fewer questionnaires to complete. Some GEGs welcomed having one contact point within the NSO and some liked the possibility to report all data to one NSO. A few invited ONS to tap into their internal accounting systems to pick the required data (e.g. via an XBRL taxonomy).

51. Project on linking data on foreign-owned United States (U.S.) companies to domestic employment data indicates various related benefits and challenges. Enterprise level data are collected by Bureau of Economic Analysis (BEA) for statistics on activities of multinational enterprises (AMNE). Data on U.S. employment comes from several sources: Bureau of Labor Statistics (BLS), quarterly census of employment and wages, U.S. establishments covered in the unemployment insurance program, data collected by states and compiled by BLS. The process of linking is based on Employer Identification Numbers (EIN) and consists of computer match of EINs and manual work to link additional establishments to the enterprises. The benefits of data linking are: expanding the data available for studying effects of direct investment on the U.S. economy, improvement of survey data, greater frequency of data and potential to reduce respondent burden. The challenges are: very labour intensive, not timely, legal requirements and limitations.

3 Summary analysis of studied data exchange cases

52. Table 1 provides a summary of the studied data exchange cases with respect to two essential aspects: data sensitivity (aggregate level data or confidential micro-data) and purpose of use (for one-off study or for regular compilation of statistics). Table 2 summarises some key findings which enabled data exchange for different types of cases. One-off aggregate level data exchange seems quite easy to organise if there is a common interest between the parties. Regular data exchange of confidential micro-data in turn requires legislation or at least a lot of administrative and technical work and trust between the parties.

53. In addition to this analysis, Finland has prepared a guidance note concerning ad-hoc data exchange related to resolving bilateral data asymmetries and MNE restructuring cases.

Table 1
Summary of different types of data sharing examples

	One-off data exchanges	Regular data exchanges
Aggregate level data	- WTO trade asymmetries (case Costa Rica) - IMF workshops on FDI asymmetries	- Eurostat and ECB data exchange on NA, BOP and MIP data - Inter-Agency Group on Macro-Economic Statistics
Confidential micro-data	- Pilot exchange of micro-data on intra-EU trade - Nordic FATS statistics - Testing of European Profiling (UK) - Micro-data linking (e.g. linking data on foreign-owned U.S. companies to domestic employment data)	- Exchange of Import Data between Canada and the United States - EuroGroup Register (EGR) - FDI Network - Intra-EU trade in goods statistics - National central credit registers - OECD report on micro-data access

Table 2
Key prerequisites for successful data exchange

Type of data exchange	Key prerequisites for successful data exchange
One-off aggregate level data exchange	- Understanding the remarkability of making mirror comparisons to improve quality of national statistics - Availability of comparable data and metadata - Resources dedicated for this type of work
Regular aggregate level data exchange	…previous (see above) and - Identified need for regular data exchange - Willingness to compromises and to absorb costs - Mutual agreement between participants - Pre-Specified data structure - Automatic processes to manage mirror data
One-off confidential micro-data exchange	…previous and - Trust between participants - Agreement on use and storage of micro-data - Secured process for exchange
Regular confidential micro-data exchange	…previous and - Change of culture how to produce statistics - Common legislation and risk management - Secured and standardized process for data exchange

D. Enablers and obstacles of data exchange and possible practical solutions (Task B of the work plan)

54. NSOs are professional organizations that rely in their operations on internationally agreed statistical standards and recommendations, in particular the Fundamental Principles of Official Statistics and the related European Statistics Code of Practice. From the data exchange viewpoint, the most important Fundamental Principles are the following:

(a) Principle 2. To retain trust in official statistics, the statistical agencies need to decide according to strictly professional considerations, including scientific principles and professional ethics, on the methods and procedures for the collection, processing, storage and presentation of statistical data.

(b) Principle 5. Data for statistical purposes may be drawn from all types of sources, be they statistical surveys or administrative records. Statistical agencies are to choose the source with regard to quality, timeliness, costs and the burden on respondents.

(c) Principle 6. Individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly con^{fi}dential and used exclusively for statistical purposes.

(d) Principle 10. Bilateral and multilateral cooperation in statistics contributes to the improvement of systems of official statistics in all countries.

(e) Principles 5 and 10 can be considered as enablers of data exchange. Principle 5 gives NSOs a general mandate to the use of data collected by other organizations. Principle 10, in turn, urges NSOs to collaborate with each other to improve statistics globally.

(f) Principles 2 and 6, however, pose some challenges to be considered carefully in the context of data exchange between statistical organizations. The reasons are the following:

- When using secondary data, NSOs do not have the control of the methods and procedures of collecting and processing statistical data, when that part is carried out by another organization. However, the NSO shall retain professional independence in selecting the data sources to be used (principle 5), also in the choice between using administrative data or direct data collection.
- Also, the methodologies regarding the use of secondary data are far less developed than the methods for compiling statistics based on direct data collection.
- Confidentiality is a key concern when engaging in data exchange. While data collected for statistical purposes are to be strictly confidential and to be used exclusively for statistical purposes, some statistical laws allow the use of statistical data for scientific research when authorized by the NSO. In the European Union (EU), the European Statistical Law enables the exchange of individual data among NSOs and central banks in the EU, while some EU countries do not allow it in their national legislation. Some statistical offices provide their micro-data or other granular data for researchers in specially designed secure environments.
- Statistical legislation also typically treats data acquired by statistical offices from administrative data sources as confidential when acquired for statistical purposes. The same administrative data may not be confidential in the legal settings governing the activities of the public organization that collects them.
- Confidentiality of business information is also of concern to respondents. Close collaboration with respondents when extending data exchange for statistical purposes is, therefore, crucial.

1. Benefits and challenges of data sharing

55. The Task Force analysed the benefits and challenges reported in the survey of statistical offices for the analysis of obstacles and enablers of data sharing.

56. According to the survey of statistical offices, national legislation that regulates data sharing exists in 90 per cent of the countries, and a common business identifier is widely used, in more than three out of four countries. However, this does not mean that data sharing for statistical purposes would be well regulated or enabled. In some countries, data exchange is agreed and defined in statistical work programs. Data sharing agreements between administrative data providers and producers of official statistics are also very common.

57. Almost 90 per cent of surveyed countries reported that improved consistency is the main benefit of data sharing and over 80 per cent reported as a result better data quality, such as accuracy, relevance and timeliness. Efficiency gains and reduced response burden were pointed out in two thirds of the replies. Data sharing may also increase coverage of target population and enable a more detailed analysis and understanding of business activities. The increased collaboration and reuse of data helps to promote common standards and classifications.

58. The main difficulties linked to data sharing include heavy procedures to ensure confidentiality or increased risks of disclosing confidential data (mentioned by two thirds of respondents), limiting legal frameworks (mentioned by 60 per cent) and insufficient technological readiness (in almost half of offices). The possible decrease in respondents' trust is considered as a key risk by 15 per cent of offices. The other major issues that were mentioned include:

- increased dependency from other national statistical offices or administrative data providers
- problems in linking data in the international data sharing
- lack of resources dedicated to this type of work
- when using administrative data the legal unit is not always the same as the statistical unit for compiling statistics
- quality issues especially coverage and
- timeliness of external data sources and high investment costs

59. According to the respondents, no serious risks had materialized due to data exchange. Eleven offices reported that data exchange increased criticism about the quality of data and ten offices reported that data was misinterpreted. Very critical risks relating to the reputation of statistical office or respondents trust were less frequent (two observations each).

60. The respondents assessed the capacity of the office to carry out data exchange very positively. Only a few critical views were expressed. Staff's ability to analyse data received the highest ranking as 85 per cent of offices assessed the capacity as medium or high. Staff's skills in data mining and linking were not so highly ranked, as 75 per cent of responding offices assessed these skills as being at the medium or high level. The offices noted that further training will be needed.

61. In general, the international organizations play a key role in facilitating the sharing of best practices and provision of fora for discussions. Guidance and standardization issues are also important areas for international organizations' contribution. According to the country responses, the international activities that would facilitate data exchange include developing methodologies to ensure confidentiality (65 per cent), sharing technological

solutions and tools for data exchange (63 per cent) and developing general guidance for data exchange (56 per cent).

2. Ten aspects of data sharing and the related obstacles and enablers

62. To conceptualize the analysis further, the Task Force members shared their views on the key obstacles and enablers of the exchange and sharing of economic data in their office. These were summarized with the outcomes of the survey of statistical offices. Table 3 presents the outcome with ten different aspects that include elements that either prevent or facilitate data sharing.

63. As a next step, the Task Force prepared a separate note further elaborating and describing the obstacles and enablers and seeking possible solutions for dealing with the obstacles and considering the tools required to address the obstacles that will lead to a greater level of national and international data sharing.

E. Ways to describe MNEs and changes in their structures (Task C1 of the work plan)

64. The Task Force focused on this topic at its face-to-face meeting in April 2018. The meeting based on the analysis carried out, including a summary of types of MNEs that are most relevant for data exchange and a list of critical data items to be exchanged. The Task Force is developing the listing of critical data further along with a conceptual description of MNE structures.

65. The Task Force has identified that firms with the following characteristics should be the focus of data exchange:

- Complex ownership structures, especially including special purpose entities;
- Large amount of activity (e.g. employment or sales/turnover);
- Re-arrangements and relocations of MNEs;
- Global production arrangements;
- Ownership of intellectual property products.

66. Firms with these characteristics are difficult to measure, causing revisions to economic statistics and bilateral discrepancies. They may also have domestic impacts on employment, productivity, taxation, etc. that would be important to study and understand. Of course firms may fall into several of these categories, but this overlap would highlight the need to exchange the data.

67. Based on the first analysis, the Task Force decided to derive business cases starting from actual data exchange cases and will classify MNEs according to the ways they act globally. The Task Force will analyse the results of other task forces or groups to develop generalized examples of MNEs, for example:

- During the activities of the ESSnet on International Profiling, colleagues from INSEE collected examples from France, UK, Italy and the Netherlands of oil companies to show how the business lines organizations were quite similar;
- Intellectual property rights are under analyses in a specific task force;
- Digital economy MNEs are in the public eye not only for statistics;
- U.S. companies in Europe often adopt similar organizational structures.

Table 3
Obstacles and enablers of data sharing

Aspects	*Obstacles*	*Enablers*
Legal infrastructure	Too limiting confidentiality regulations	Review of confidentiality rules, practices and assumptions
	No legal framework allowing exchange of individual data for statistics	Establish the infrastructure to exchange information, e.g. legislation and agreements
	No access to data held by other authorities or private parties	Extend the mandate to access data existing in society
Resources	High costs and time needed to start data sharing	Higher efficiency and cost savings in data collection
	Lack of resources dedicated to data exchange and analysis	Shared solutions for data exchange
	Large technical investments needed	Dedicated resources for data exchange and analysis
Data linking	No common identifiers nationally or internationally	Developing common and unique identifiers
	Different data collection units, concepts and classifications	Extending application of harmonized units, concepts and classifications
	Scattered and unidentified sources of data	Mapped and linked datasets
Substantive	Difficulties to collect national data in the context of globalization	Meaningfulness of world level data
	Poor understanding of the data needed to capture global activities	Good understanding of critical data items
	Difficulties to capture MNEs' activities correctly	Better understanding of MNEs through profiling level data
Process	No Global Groups Register	Extending the idea introduced by the EuroGroups Register
	Production processes are not synchronized	Defined and agreed data exchange process
	Poor timeliness of data exchange	Timed data exchange in critical areas
Cultural	No buy-in from management of the statistical office	High-level commitment to data sharing
	Lack of trust between counterparts in data exchange	Close collaboration with counterparts in data exchange
	Lack of willingness among respondents	Shared evidence on reductions in response burden and quality improvements
Risks	Increased dependency from external data	Coping strategies for using multiple data sources
	Risks to respondent relations	Good communication and trust with respondents
	Risks to the image of official statistics	Risk management tools and enhanced communication
Uncertainties	Lack of information about data exchange options	International platforms for collaboration
	Lack of information about benefits	Examples of successful data exchange
	Uncertainty about impacts on the quality of statistics	Proven improvements in quality
Knowledge, skills and methods	Lack of necessary methodological knowledge	Well-developed methodologies for data linking
	Limited data mining skills	Well-developed data mining skills
	Lack of knowledge about resolving discrepancies	Practical examples of successful data reconciliation
Technical	Insecure environments of data exchange	Secure technology for data exchange
	Different data storage and exchange formats	Common data storage and exchange formats
	High computing capacity needed	High performing computing environment

68. Once the critical MNEs for data exchange have been identified, the Task Force will determine the data items that would be most useful to share. Needs may vary depending on the data sharing partners. The relevant arrangements are summarized as: 1) domestic microdata exchange among different institutions (responsible for different domains), and 2) international microdata exchange among NSOs of different countries and among NSOs and international institutions. The focus or needs of the institutions could be in some of the following categories:

- Register-type information, including identifiers;
- Structures of MNEs;
- Key globalization variables;
- MNE data most prone to revision;
- Financial/operations data, such as sales/turnover, employment, income;
- Accounting standards information.

F. Large and complex cases units (Task C2 of the work plan)

69. Organizational units, responsible for consistency analysis of MNEs in particular, are called large and complex enterprises units (LCU). The Task Force has prepared a separate note on LCUs as an approach for dealing with multi-national enterprise groups.

70. This work is based on the Chapter on LCUs of the *Guide to Measuring Global Production*. The conclusions of the Chapter note that collecting data from large and complex enterprises will demand an increasingly multidisciplinary approach. Survey managers, statisticians, informatics specialists, subject matter experts, respondent relationship managers and survey design specialists will need to work together to ensure availability and quality of data. The survey of statistical offices on LCUs, carried out by UNECE in 2013, highlighted the experience gathered so far. According to the survey, LCUs have improved cooperation with respondents, which ensures a better understanding of data requests and reduces response burden. At the same time, knowing the most important respondents helps statisticians solve inconsistencies more efficiently.

71. Even though the activities of LCUs vary across countries, they have provided a useful mechanism to support statisticians in dealing with MNEs across statistical domains. LCUs can also improve efficiency by promoting the use of common tools, drafting instructions for data collection and enhancing consistent treatment of large and complex enterprises' data. Moreover, when LCUs review MNEs' data they do that for various statistics whereas without LCUs this work would be done multiple times in various statistics leading to higher costs and lower consistency.

72. The Task Force will follow up on the recommendations of the *Guide to Measuring Global Production* and review the progress of countries and lessons learned from the actions to:

(a) Set up an LCU depending on countries' challenges with large respondents, the different structures of national economy and complexity of the business sector.

(b) Learn from other countries that have developed strategies for and gained experience in dealing with large and complex enterprises.

(c) Consider alternative ways to organizing work on large and complex enterprises at the NSOs.

(d) Develop cooperation mechanisms and collaboration among producers of statistics, both nationally and internationally.

73. To date several countries have organized the collection and/or consistency checking of some MNEs' data to specific organizational units focusing on large and complex enterprises. Currently, more countries are planning to establish similar units. Centralized management of MNEs' data may also support better documentation of data issues and a higher concentration of skills and knowledge on MNEs that facilitates national and international data exchange.

74. The CES plenary session agreed that establishing LCUs at national statistical offices is a prerequisite for having consistent data. The Conference expressed support for creating an international network of experts dealing with such enterprises' data.

75. Such a network would be useful for exchanging best practices in dealing with MNEs' data. The network could also facilitate identifying the critical MNEs for data exchange, carry out data exchange and analysis, and develop common ways for communicating with and approaching large and complex MNE respondents.

76. UNECE will review possibilities of establishing an international network of experts on large and complex enterprises to work alongside with the UNECE/Eurostat/OECD Group of Experts on National Accounts.

IV. Next steps

77. The Task Force will continue according to its work plan taking into account the feedback from different consultations in finalizing the output of the first stage and in setting priorities for further work. The output of the first stage will be a report, which defines enablers and obstacles to data sharing and suggests practical solutions and tools to be further developed.

78. At the second stage (until June 2020), the Task Force will continue the work as follows:

(a) Task D – Identify innovative ways to exchange of economic data (including granular data and information on business structures) on MNEs and on aggregated level.

(b) Task E – Based on concrete examples and sharing of experience, develop guidance, tools and principles for the exchange of data that would enable the NSOs to maintain the quality of national accounts, balance of payments and related economic statistics. Review the application of existing typologies for data sharing. The guidance should take into account confidentiality, respondents' trust and legal constraints, and consider:

(i) Data exchange on MNEs among producers of official statistics;

(ii) Access to the necessary external data sources, including administrative and private data sources;

(iii) Technical, methodological and communicational aspects of MNE data exchange;

(iv) Good practices in analysing MNEs' activities in official statistics.

79. The work has progressed according to the tentative timetable, and is planned to continue through the second stage of work as indicated in table 4.

Table 4
Tentative timetable

First stage (April 2017 – June 2018)	
Apr 2017	Launch the Task Force and confirm the participating countries and organizations.
Apr-May 2017	Agree on detailed work programme and division of work (possible meeting back-to-back with the Group of Experts on National Accounts).
Jun-Sept 2017	Review concrete examples where data exchange would help avoid asymmetries and misinterpretation (Task A).
Oct 2017- Jan 2018	Identify enablers and obstacles of data sharing (Task B) and find ways to detect the most relevant MNEs (Task C1).
Feb 2018	Presentation of the initial findings to the CES Bureau.
May-June 2018	Presentation of the first results and discussion at the 2018 Group of Experts on National Accounts to identify innovative practices.
Second stage (July 2018 – June 2020)	
Jul 2018-Mar 2019	Drafting the guidance with good practices. Consultation with other relevant Expert Groups.
May 2019	Discussion of the draft guidance and sharing of new innovative practices at the 2019 Group of Experts on National Accounts.
May-Aug 2019	Finalizing the guidance with good practices.
Sep 2019	Submit the report to the CES Bureau.
Oct-Dec 2019	Electronic consultation of the guidance among CES members.
Jan-Mar 2020	Finalize the report based on the feedback received.
Apr 2020	Submit the report to the CES plenary session for endorsement in June 2020.

80. The main output of the Task Force work will be *Guidance on National and International Exchange of Economic Data*. The 2019 Group of Experts on National Accounts will review and discuss the draft guidance especially to provide updates on new innovative practices. The updated draft Guidance is planned to be submitted to the CES Bureau in September 2019, and thereafter for electronic consultation among CES members.

V. Points for discussion

81. The Conference is invited to:

a) Express views on the work done so far;

b) Provide input for further work in this area.

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Statistics for Sustainable Development Goals:
Principles for rotation of members from the United Nations Economic Commission of Europe region of the Interagency and Expert Group on Sustainable Development Goals indicators and the High-level Group on Partnership, Cooperation and Capacity Building for the 2030 Agenda

Principles for rotation of members from the United Nations Economic Commission of Europe region of Inter-agency and Expert Group on Sustainable Development Goals indicators and High-Level Group on Partnership, Cooperation and Capacity Building for the 2030 Agenda

Note by the Secretariat

Summary

The Inter-agency and Expert Group on Sustainable Development Goals Indicators and the High-level group on partnership, cooperation and capacity building for the 2030 Agenda were set up by the United Nations Statistical Commission in March 2015. According to the terms of reference of both groups, their members are nominated through existing regional mechanisms. For the United Nations Economic Commission of Europe (UNECE) region, this is the Conference of European Statisticians.

The Bureau as the steering body for the Conference discussed the principles of rotation of members from the UNECE region in these two groups in October 2017 and February 2018. The Bureau agreed on the principles aiming to ensure that the rotation process is fair and transparent.

The Conference of European Statisticians is invited to approve the principles of rotation of members from the United Nations Economic Commission of Europe region of Inter-agency and Expert Group on Sustainable Development Goals indicators and High-Level Group on Partnership, Cooperation and Capacity Building for the 2030 Agenda.

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I. Introduction

1. The Inter-agency and Expert Group on SDG Indicators (IAEG-SDGs) and the High-level group on partnership, cooperation and capacity building for the 2030 Agenda (HLG-PCCB) were set up by the UN Statistical Commission (UNSC) in March 2015. According to the terms of reference (TOR) for both groups, their members are nominated through existing regional mechanisms; for the UNECE region, this is the Conference of European Statisticians[1]. The CES Bureau, as the steering body of the Conference, makes the proposal and consults it with CES.

2. The first members of the groups were nominated in 2015 for an initial period of two years, after which some of the members were expected to be rotated. The first round of rotation took place in spring 2017, and the next round will be in 2019.

3. The CES Bureau discussed in October 2017 the criteria for the rotation of members of IAEG-SDGs and HLG-PCCB from the UNECE region. The Bureau noted that:

(a) The principles for the rotation of members in these groups should be agreed and made public;

(b) The work should be open and transparent. It is very important to keep non-member countries informed about the discussions in these groups. The IAEG-SDGs and HLG-PCCB members should consult with other countries from their sub-region;

(c) It is important to maximise representation from the different sub-regions, taking into account that there is an overlapping membership between some Regional Commissions.

4. The Bureau emphasized that there should be common principles at the global level, and that the issue should be also brought to the attention of UN Statistical Division (UNSD) and the Statistical Commission (UNSC).

5. The Bureau continued the discussion at its meeting in February 2018 and agreed on the rotation principles as presented in this paper. The Bureau emphasised that the rotation of members in these groups should be done in a transparent and professional way, and acknowledged that regions may differ in terms of their conditions for such rotation.

6. The principles are presented to the CES 2018 plenary session for approval.

II. Current criteria and principles for the election and rotation of members

A. Rules included in the Terms of Reference of IAEG-SDGs and HLG-PCCB

7. IAEG-SDGs "consists of 27 representatives of national statistical offices and one ex-officio member and also includes, as observers, representatives of regional commissions and regional and international agencies, to provide important technical advice and support as needed."[2]

[1] E/CN.3/2017/2 (Terms of Reference for IAEG-SDGs), para 2. E/CN.3/2017/3 (Terms of Reference for HLG-PCCB), para 3.

[2] TOR of IAEG-SDG, para 2

8. HLG-PCCB "will comprise 22 member representatives of national statistical offices, with balanced geographical representation following broadly the distribution in the Inter-Agency and Expert Group."[3] Furthermore, "The High-level Group can include, as issue partners, representatives of regional commissions and regional and international agencies as well as other specific representatives as decided by the members of the High-level Group. The High-level Group will seek inputs from countries that are not members of the High-level Group, through their respective regional mechanisms."[4]

9. The TOR of both groups include as criteria for the membership and rotation equitable geographic distribution and technical expertise. The TOR of IAEG-SDGs also notes that "The respective regional mechanisms will ensure that a certain number of members will be rotated for continuity of the work of the group."[5]

10. It is also considered preferable that members do not serve concurrently in both groups.[6]

11. For IAEG-SDGs, there is an additional condition that the group should include members of the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. In the UNECE region, the following countries are classified as Landlocked Developing Countries: Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Republic of Moldova, Tajikistan, the former Yugoslav Republic of Macedonia, Turkmenistan and Uzbekistan.

12. The terms of reference of both groups include footnotes on the number of members to be rotated at each round, as follows:

(a) **IAEG-SDGs** – "A total of nine members are foreseen to be rotated: two members from Eastern, Middle and Southern and Western Africa; one member from Northern Africa and Western Asia; two members from Central, Eastern, Southern, South-Eastern Asia and Oceania; two members from the Caribbean and Central and South America; and two members from Eastern Europe, North America and Northern, Southern and Western Europe."[7]

(b) **HLG-PCCB** – "two members will be replaced from each region where there are four or five members, and one will be replaced where there are three or fewer members from the regions."[8] In this context, the regions are: Africa, Western Asia, Asia, the Pacific, the Caribbean, Latin America, Eastern Europe, and Europe and North America. According to this guidance, the one member from Eastern Europe should be rotated (as there is only one member for this region), and two members from Europe and North America.

13. There are additional conditions for the co-Chairs. For IAEG-SDGs, at the time of membership rotation, one Co-Chair is expected to step down and is invited to serve for an additional term of two years as a member. For HLG-PCCB, one or both of the two Co-Chairs are expected to rotate every two years. However, when they step down they are invited to serve for an additional term of two years as members.

[3] TOR of HLG-PCCB, para 3

[4] TOR of HLG-PCCB, para 4

[5] TOR of IAEG-SDG, para 2

[6] TOR of HLG-PCCB, para 3 and TOR of IAEG-SDGs, para 3

[7] TOR of IAEG-SDGs, footnote c

[8] The footnote b in TOR of HLG-PCCB says "Currently, there are five members from Africa, two from Western Asia, four from Asia, one from the Pacific, two from the Caribbean, three from Latin America, one from Eastern Europe and four from Europe and North America."

B. Geographic representation

14. The TOR of both groups include the requirement of equitable geographic distribution.

15. According to the guidance received from UNSD in 2015, the most recent definitions of Standard Country or Area Codes for Statistical Use (M49)[9] should be used for defining the geographical regions. In addition, the geopolitical grouping of the United Nations Regional Groups of Member States[10] and the composition of the UN Regional Commissions should also be taken into account (see Annex I).

16. Regional groups defined by the M49 breakdown seem to be the primary consideration for regional representation as the membership of IAEG-SDGs and HLG-PCCB is presented according to these regions in the reports to UN Statistical Commission and on the IAEG-SDGs and HLG-PCCB websites.

17. The above mentioned geographical groupings imply a different break-down of membership and do not coincide with the members of the UN Regional Commissions. In practice, the membership of the Regional Commissions plays an important role as the nomination and rotation process of IAEG-SDGs and HLG-PCCB members is done through the regional statistical committees. This poses two types of challenges in organizing the selection and rotation:

(a) There are countries which are members of several regional commissions. For example, a number of countries are members of both UNECE and ESCAP (Economic and Social Commission for Asia and the Pacific), including Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan, and Uzbekistan.

In 2015, following the advice of UNSD, the selection of countries from Central Asia for IAEG-SDGs and HLG-PCCB was coordinated by ESCAP. Russian Federation was included in the Eastern Europe group for which the elections were coordinated by UNECE.

(b) There are countries that are not members of the Regional Commission that is asked to nominate members from the regional groups that they belong to. Of the UNECE member countries, this situation concerns Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey. According to regional groups defined in M49 they belong to Western Asia for which the election and membership is coordinated by ESCWA (Economic and Social Commission for Western Asia). However, these countries are not members of ESCWA.

18. To alleviate this situation, in 2015 when the members to both groups were elected, UNSD advised that "(…) in consultation with its Member States, and in order to better reflect existing working mechanisms, Regional Commissions may choose to adjust, as appropriate, the composition of the geographic sub-regions to be represented in the IAEG-SDGs. Also, the Regional Commissions, in consultation with their Member States, may decide to consider additional geopolitical groupings to facilitate the selection of countries within one sub-region."[11]

19. In 2015, CES was asked to propose the members for IAEG-SDGs as follows:

- 1 member from Eastern Europe;
- 2 members from Southern Europe;
- 3 members from North America and Northern and Western Europe.

[9] https://unstats.un.org/unsd/methodology/m49/
[10] http://www.un.org/depts/DGACM/RegionalGroups.shtml
[11] UNSD note on the IAEG-SDGs Membership, 2015, page 1, footnote 1

20. For ease of reference, the geographical regions according to the Standard Country Area Codes for Statistical Use (M49) and the United Nations Regional Groups of Member States are presented in Annex I.

21. For the rotation procedure to be fair and transparent, it is recommended to clarify which countries each Regional Commission should consider in the rotation process to ensure that each country would be considered for the membership only once, and that all countries would have an opportunity to be considered through a Regional Commission where they are members.

22. In addition, it is important to ensure a balanced representation within the regional groups. This could be pursued at the CES Bureau level through its selection process, with informal consultation with other Regional Commissions as appropriate.

23. For example, currently the region of Southern Europe is underrepresented in both IAEG-SDGs and HLG-PCCB. And none of the UNECE member countries that belong to Western Asia according to M49 are members of either IAEG or HLG.

C. Technical expertise and continuity of work

24. To ensure technical expertise and continuity of the work, as required in TOR of both groups, there are some additional considerations to be taken into account when proposing new members for the IAEG-SDGs and HLG-PCCB, as follows:

- The membership implies representing the respective sub-region and consulting with the countries of their sub-region;
- The countries who are members are expected to be active and attend all meetings;
- To ensure continuity of work, the members who are currently actively involved in key work areas and/or chair some of the sub-groups should remain in the groups, as otherwise the work would suffer from changes.

25. A prerequisite for membership is an interest from a particular country to be a member, and readiness to devote the necessary resources. Participation at meetings is on self-funded basis[1] and there is considerable workload involved both in preparation for the meetings and in-between the meetings. Several sub-groups are actively working during the period between the meetings.

26. It is important to have a mechanism for the countries that are members of the IAEG-SDGs and HLG-PCCB to consult with other countries of their sub-region, so that the groups' members could effectively represent their sub-regions, and that the views of all interested countries would be taken into account.

III. Process

27. In 2015, the UNECE secretariat consulted via e-mail with all CES members from the region on their interest to become a member of either of the groups. The interest expressed by countries, equitable geographic representation, as well as countries' involvement in the work related to measuring sustainable development were taken into account in making the proposal for membership.

[1] A limited number of developing countries that are members of the Group may receive funding to support their participation in the meetings, if available. TOR for IAEG-SDGs, para 5.

28. In 2017, a similar process was followed. The countries who were members at that time were asked whether they would like to continue. All other CES countries were asked about their interest to become a member. The proposal for rotation was prepared based on expressed interests, the active involvement of countries in different work streams of IAEG-SDGs, and the number of available places due to rotation.

29. The membership of IAEG-SDGs and HLG-PCCB from UNECE region is presented in Table 1.

Table 1.
UNECE member countries in IAEG-SDGs and HGL-PCCB

Geographic group (M49)	*2015-2017*		*2017-2019*	
	IAEG-SDGs	HLG-PCCB	IAEG-SDGs	HLG-PCCB
Eastern Europe	Russian Federation	Hungary	Russian Federation	Hungary
			Belarus	
Southern Europe		Italy		Italy
North America and Northern and Western Europe	Canada	Denmark	Canada	Denmark
	France	Switzerland	France	Switzerland
	Germany	United States	Germany	United States
	Netherlands		Netherlands	
	Sweden		Sweden	
Western Asia	Armenia			
Central, Eastern, Southern and South-Eastern Asia	Kyrgyzstan	Kazakhstan	Tajikistan	Kazakhstan

30. In the first rotation round in 2017, two members from the UNECE region were replaced in IAEG-SDGs: Belarus replaced Armenia, and Tajikistan replaced Kyrgyzstan. The HLG-PCCB membership from the UNECE region remained the same.

Recommendations to improve the rotation process in future

31. It will be desirable to have a longer-term view on the possible members for the groups and plan the rotation in advance. A transparent and equitable rotation procedure provides opportunities for a wider number of countries to participate in the work. It encourages more active involvement of current members but also distributes the work burden.

32. To assist countries in preparing for a smooth transition and give sufficient time to new countries who may be interested in joining, it may be helpful to post the schedule of membership over time and denote the positions that are less likely to rotate next term given task obligations (such as leadership on a task, or transitioning from a co-chair to member). Table 1 could serve as a starting point.

33. It would be also useful to make the rotation guidance consistent for both groups (IAEG and HLG).

34. Furthermore, it would be helpful to use consistent regional groupings for both IAEG-SDG and HLG-PCCB membership, and to clarify the representation of different regions and subregions in HLG-PCCB (as with its 22 members it is smaller than IAEG-SDGs with 27 members).

35. It is recommended that the same breakdowns into regional groups are used in the reports and on the websites of IAEG-SDGs and HLG-PCCB. For example, different regional groups for the HLG-PCCB membership are used on the website, in the reports to the UN Statistical Commission in 2017 and 2018, and in the footnote of its Terms of Reference that lays out the conditions of rotation. Concerning rotation, the TOR say that

one member should rotate in the regions that have 1-3 members. This puts into unequal position the sub-regions which are represented by only one country, as this country would be obliged to step down. According to the regions used in the TOR footnote, this would concern members from the Pacific region and Eastern Europe region. On the website and in the 2017 report to the Statistical Commission, there are six regions that are represented by one country and consequently, all these 6 countries should rotate off in each round.

36. Similarly with the *Rules governing the work of the Conference*[11], the Bureau may consider establishing a recommended maximum number of terms for consecutive membership, for example, three (2 year) terms. To ensure a smooth transition, the members who have served two (2 year) terms could be expected to rotate off unless:

- They are a co-chair (in which case, they may serve as a member for a third term);
- They are substantively leading a recognized task on behalf of their group and rotation off would adversely affect the productively of the group overall.

37. Term limits for co-chairs might also be considered — perhaps no more than two (2-year) terms consecutively as co-chair.

IV. Conclusions and recommendations

38. It is expected that both IAEG-SDGs and HLG-PCCB have a mandate until 2030. During this period, there will be a number of rotation rounds--the next one in 2019. To ensure that the rotation process reflects principles of geographic representativeness, technical expertise and continuity, there are a number of steps that can be taken in the UNECE region to clarify procedures and agree on principles of rotation.

39. The geographic groupings defined by M49 (Annex 1) could be used as the first criterion for determining which Regional Commission coordinates the nomination of countries for IAEG-SDGs and HLG-PCCB, and the membership of Regional Commissions as the second criterion. In this case, the five Central Asian countries[12] that are members of both UNECE and ESCAP would be coordinated by ESCAP. In the case of Western Asia, the six countries[13] that are members of UNECE should be considered for nomination by UNECE. This main criterion is important also to be decided by UN Statistical Commission.

40. The principles for the rotation of members, and the use of geographical groups should be consistent between IAEG-SDGs and HLG-PCCB.

41. To encourage a smooth rotation and transition of membership, UNECE should post the schedule of group membership over time, denoting the number of slots for rotation and the countries that are less likely to rotate next term given their roles, such as leadership of a task, or transitioning from a co-chair to member.

42. It is also suggested to establish maximum terms for the members, as well as chairs, using as guidance the *Rules governing the work of the Conference and its Bureau*.

43. The CES Bureau agreed at its February 2018 meeting on the following rotation criteria as a recommendation for the UNECE region:

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[11] According to the *Rules governing the work of the Conference and its Bureau* (ECE/CES/2007/8), "Bureau members can be elected to four successive Bureaux. Any previous Bureau member can be re-elected to the Bureau after an interruption of at least two years." (para 15d); and "A Chairman of the Conference may be re-elected once. Any previous Chairman may be re-elected Chairman after an interruption of at least two years." (para 16c)

[12] Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan

[13] Armenia, Azerbaijan, Cyprus, Georgia, Israel, Turkey

(a) Use the geographic groupings defined in M49 as the first criterion for deciding which Regional Commission coordinates the nomination/rotation, and the membership of Regional Commissions as the second criterion;

(b) Establish a maximum membership of three (two-year) terms. A country may become a member of a group again after a break of two years;

(c) To ensure a smooth transition, members who served two (two-year) terms are expected to rotate off unless:

- They are a co-chair (in which case, they may serve as a member for a third term);
- They are substantively leading a recognized task on behalf of their group and rotation off would have a negative effect on the work.

(d) Members of the groups can rotate also within the 2-year cycle of membership, provided that there is agreement from the country rotating off and the incoming country, and bearing in mind the regional representativeness;

(e) Plan the rotation in advance, for example for the Secretariat to maintain a list of countries that are planning to rotate off, and countries who are interested of becoming members of the groups;

(f) Ensure a balanced representation of subgroups within the regional groups.

44. The principles should be implemented taking into consideration the requirements of technical expertise, geographic representation and continuity of the work. The countries who are members of the groups should represent their respective sub-region and consult regularly with other countries of the sub-region.

45. The principles are a recommendation for the UNECE region, while other regions may differ in terms of their conditions for such rotation.

46. The rules and principles for the rotation are summarised in Annex II.

47. The Conference is invited to:

a) Express views on the recommendations to improve the rotation process of members of IAEG-SDGs and HLG-PCCB in future (presented in paras 31-37);

b) To approve the principles for rotation of the members of the two groups presented in para 43, to have them in place for the next round of rotation in spring 2019.

Annex I

UNECE member countries, M49 and the UN Regional groupings

UNECE member countries	*UNECE countries in the geographic groupings defined by M49*		*UNECE countries in the UN Regional groups*	
(a)		(b)		(c)
Albania	Eastern Europe	Belarus	Eastern European Group	Albania
Andorra		Bulgaria		Armenia
Armenia		Czechia		Azerbaijan
Austria		Hungary		Belarus
Azerbaijan		Poland		Bosnia and Herzegovina
Belarus		Republic of Moldova		Bulgaria
Belgium		Romania		Croatia
Bosnia and Herzegovina		Russian Federation		Czechia
Bulgaria		Slovakia		Estonia
Canada		Ukraine		Georgia
Croatia	Southern Europe	Albania		Hungary
Cyprus		Andorra		Latvia
Czechia		Bosnia and Herzegovina		Lithuania
Denmark		Croatia		Montenegro
Estonia		Greece		Poland
Finland				Republic of Moldova
France		Italy		Romania
Georgia		Malta		Russian Federation
Germany		Montenegro		Serbia
Greece		Portugal		Slovakia
Hungary		San Marino		Slovenia
Iceland		Serbia		The former Yugoslav Republic of Macedonia
Ireland		Slovenia		Ukraine
Israel		Spain	Western European and others group	Andorra
Italy		The former Yugoslav Republic of Macedonia		Austria
Kazakhstan	North America and Northern and Western Europe	Canada		Belgium
Kyrgyzstan		United States of America		Canada
Latvia		Denmark		Denmark
Liechtenstein		Estonia		Finland
Lithuania		Finland		France
Luxembourg		Iceland		Germany
Malta		Ireland		Greece
Monaco		Latvia		Iceland
Montenegro		Lithuania		Ireland
Netherlands		Norway		Israel
Norway		Sweden		Italy
Poland		United Kingdom		Liechtenstein
Portugal		Austria		Luxembourg
Republic of Moldova		Belgium		Malta
Romania		France		Monaco
Russian Federation		Germany		Netherlands
San Marino		Liechtenstein		Norway

UNECE member countries	*UNECE countries in the geographic groupings defined by M49*		*UNECE countries in the UN Regional groups*	
(a)		**(b)**		**(c)**
Serbia		Luxembourg		Portugal
Slovak Republic		Monaco		San Marino
Slovenia		Netherlands		Spain
Spain		Switzerland		Sweden
Sweden	Western Asia	Armenia		Switzerland
Switzerland		Azerbaijan		Turkey
Tajikistan		Cyprus		United Kingdom
The former Yugoslav Republic of Macedonia		Georgia		United States of America
Turkey		Israel	Asia-Pacific Group	Cyprus
Turkmenistan		Turkey		Kazakhstan
Ukraine	Central Asia	Kazakhstan		Kyrgyzstan
United Kingdom		Kyrgyzstan		Tajikistan
United States of America		Tajikistan		Turkmenistan
Uzbekistan		Turkmenistan		Uzbekistan
		Uzbekistan		

Annex II

Summary of rules and guidance for the selection and rotation of members of IAEG-SDGs and HLG-PCCB

A. Requirements established in terms of reference of IAEG-SDGs and HLG-PCCB[16]

(a) Members of the groups will be nominated through existing regional mechanisms (for UNECE region: the Conference of European Statisticians).

(b) Countries cannot be simultaneously members of the HLG-PCCB and IAEG-SDGs[17].

(c) There are 27 members in IAEG-SDGs and 22 members in HLG-PCCB.

(d) The respective regional mechanisms will ensure that a certain number of members will be rotated for continuity of the work of the group.

- For IAEG-SDGs: "A total of nine members will be rotated: two members from Eastern, Middle and Southern and Western Africa; one member from Northern Africa and Western Asia; two members from Central, Eastern, Southern, South-Eastern Asia and Oceania; two members from the Caribbean and Central and South America; and two members from Eastern Europe, North America and Northern, Southern and Western Europe."
- For HLG-PCCB: "two members will be replaced from each region where there are four or five members, and one will be replaced where there are three or fewer members from the regions." Currently, there are five members from Africa, two from Western Asia, four from Asia, one from the Pacific, two from the Caribbean, three from Latin America, one from Eastern Europe and four from Europe and North America.

(e) For IAEG-SDGs, at the time of membership rotation, one Co-Chair is expected to step down and is invited to serve for an additional term of two years as a member. For the HLG-PCCB, one or both of the two Co-Chairs are expected to rotate every two years. However, when they step down they are invited to serve for an additional term of two years as members.

B. Recommendations for the rotation of membership at the global level (based on a guidance document by UNSD in 2015)

(a) Each Member State is considered in only one regional grouping.

(b) Selection should reflect an equitable representation of developed and developing countries, and take into account the appropriate representation of countries in special situations, including Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States.

(c) Regional compositions should be defined based on the most recent Standard Country or Area Codes for Statistical Use (M49)[18]. In addition, the geopolitical grouping of the

[16] E/CN.3/2017/2 (Terms of Reference for IAEG-SDGs) and E/CN.3/2017/3 (Terms of Reference for HLG-PCCB)

[17] Except for the Chair of the UN Statistical Commission who is an ex-officio member of both groups

[18] https://unstats.un.org/unsd/methodology/m49/

United Nations Regional Groups of Member States[19] should also be considered, as well as the composition of the UN Regional Commissions.

However, Regional Commissions may choose to adjust, as appropriate, the composition of the geographic sub-regions to be represented as well as additional geopolitical groupings within a sub-region.

(d) Members are expected to be active, attend all meetings and consult regularly with the countries of their sub-region.[20]

(e) Members who are currently actively involved in key areas of work that are already well advanced or chair some of the sub-groups should remain as members to complete their work.

C. Recommendations in UNECE region agreed by the CES Bureau:

(a) Use the geographic groupings defined in M49 as the first criterion for deciding which Regional Commission coordinates the nomination/rotation, and the membership of Regional Commissions as the second criterion.

(b) Establish a maximum membership of three (two-year) terms. A country may become a member of a group again after a break of two years.

(c) To ensure a smooth transition, members who served two (two-year) terms are expected to rotate off unless:

- They are a co-chair (in which case, they may serve as a member for a third term)
- They are substantively leading a recognized task on behalf of their group and rotation off would have a negative effect on the work.

(d) Members of the groups can rotate also within the 2-year cycle of membership, provided that there is agreement from the country rotating off and the incoming country, and bearing in mind the regional representativeness.

(e) Plan the rotation in advance, for example for the Secretariat to maintain a list of countries that are planning to rotate off, and countries who are interested of becoming members of the groups.

(f) Ensure a balanced representation of subgroups within the regional groups.

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[19] http://www.un.org/depts/DGACM/RegionalGroups.shtml

[20] Report of IAEG-SDGs to UNSC, 2016, E/CN.3/2016/2/Rev.1, para 3

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Economic Commission for Europe

Conference of European Statisticians
Sixty-sixth plenary session
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Item 9 of the provisional agenda
Strategy for capacity development in United Nations Economic Commission for Europe region

UNECE Statistical capacity development strategy

Note by the Secretariat

Summary

At its October 2017 and February 2018 meetings, the Bureau of the Conference of European Statisticians (CES) discussed statistical capacity building in the UNECE region. The Bureau strongly supported proposals that the Secretariat should continue to implement statistical capacity development to respond to new initiatives at the global level, including statistics for the Sustainable Development Goals (SDGs), increased use of geospatial information, and modernisation of official statistics. The Bureau noted that all countries require improvement of their statistical capacities in the context of measuring SDGs.

This strategy document sets out the principles, priorities and tools that will form the basis for future UNECE statistical capacity development activities. The CES Bureau agreed on the strategy at its February 2018 meeting, and asked the secretariat to circulate the document for electronic consultation among all CES members.

Subject to a positive outcome of the consultation, the 2018 CES plenary session will be invited to endorse the Strategy.

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Please recycle

I. Introduction

1. At its meetings in in October 2017 and February 2018, the Bureau of the Conference of European Statisticians (CES) strongly supported proposals that the UNECE Secretariat should continue to develop and implement statistical capacity development activities to respond to new initiatives at the global level. These initiatives include statistics for the Sustainable Development Goals (SDGs), the increased use of geospatial information, and the modernisation of official statistics. In addition, the UNECE Expert Meeting on Statistics for SDGs in April 2017 emphasised that all countries require improvement of their statistical capacities in the context of measuring SDGs.

2. PARIS21 (the Partnership in Statistics for Development in the 21st Century), which is hosted by OECD, has convened a group of experts from national and international statistical organisations to review the approach to statistical capacity development at the global level, based on the discussion paper "Realising the Data Revolution for Sustainable Development: Towards Capacity Development 4.0"[1]. UNECE actively participates in this group, and has benefitted from the exchange of ideas. The UNECE strategy is in line with the conceptual framework being developed by this group, and can be seen as a means of implementing it in the UNECE region.

3. In pursuing its programme of work in the region, UNECE closely collaborates with other important stakeholders to complement activities, find synergies and avoid overlap, particularly Eurostat and the European Free Trade Association (EFTA). Eurostat is an important actor, present in the region in the context of the European Commission's Enlargement and Neighbourhood Policies (ENPs) and respective priorities. Eurostat is currently preparing a regional statistics programme (Statistics for the Eastern Partnership), for implementation to start in late 2018/early 2019. The programme, financed from the EU's external action budget, will support the development of official statistics in the six countries of the ENP East (Ukraine, Belarus, Republic of Moldova, Georgia, Armenia and Azerbaijan.) In addition, Eurostat supports statistical activities from the European Statistical Programme, for example, training as well as the organisation of statistical workshops and high level seminars. These cover mainly the ENP East region but also the participation of statisticians from Central Asia.

4. Eurostat also supports the countries that have a perspective of accession to the EU (EU enlargement countries) in their preparations for membership of the EU, by providing technical assistance focused on the development of all statistical areas that are part of the EU legal requirements. This includes assessing their compliance with EU standards in statistics and with the European statistics Code of Practice, as well as being involved in the accession negotiations in the part of the future accession treaty that relates to statistics. The means for the statistical cooperation programmes come mainly from the EU Instrument for Pre-accession Assistance (IPA).

5. Taking account of the above drivers for change and partnerships, this strategy document sets out the principles, priorities and tools that will form the basis for future UNECE statistical capacity development activities.

II. Current situation

6. According to the UNECE Strategic Framework for 2018-19, the statistical work programme will

[1] http://www.paris21.org/capacity-development-40

"support statistical capacity building of ECE member States, particularly of those with less developed statistical systems. It will promote the implementation of the Fundamental Principles of Official Statistics and other United Nations standards and best practices, and provide advice on legal and institutional frameworks of official statistics. This work will be demand-driven and address national priorities identified through global assessments of national statistical systems. It will focus on modernizing statistical production, population censuses, SDGs indicators, gender-disaggregated statistics, economic statistics, environmental accounting and indicators."

7. Statistical capacity development is a cross-cutting responsibility for all staff of the UNECE Statistical Division. It is closely tied to the development and implementation of standards and guidelines in many areas of official statistics. Within UNECE, statistical capacity development activities are coordinated by a Regional Adviser on statistics. In most cases, these activities are carried out in collaboration with other national or international statistical organisations.

8. UNECE statistical capacity development activities have traditionally focused on the countries in the Eastern Europe, Caucasus and Central Asia sub-region. However, recent developments such as SDGs and the need to modernise statistical production affect all UNECE member countries. Few countries can currently produce more than about half of the indicators needed for measuring SDGs. Other related challenges include the growing importance of integrating statistical and geospatial information, demands for many new types of statistics, and the appearance of potential new data sources. Statistical capacity development is, therefore, urgently needed in all UNECE countries, though the amount, nature, type and form will naturally vary from country to country.

III. A new approach to capacity development

9. In the past, UNECE statistical capacity development has focused mainly on providing training workshops. These were mostly related to specific subject-matter domains. In this way, the focus was more on people than on the organisation. In view of the new challenges identified above, and particularly the demands related to producing statistics for SDGs, a new, more holistic approach is needed. This requires a strategy that considers all aspects of the organisation, and targets support and development where they are most needed.

10. The cornerstone of the strategy is the concept of capabilities. In general terms, a capability is defined as the "ability that an organisation, person, or system possesses - capabilities typically require a combination of organisation, people, processes, and technology to achieve"[2]. Capabilities are things that an organisation does, or needs to do. Examples in statistical organisations could include seasonal adjustment, internet data collection, or applying machine-learning techniques. As the definition above says, capabilities require combinations of different factors or dimensions – rather like the economic concept of factors of production (land, labour, capital). The full set of dimensions for capabilities in official statistics is presented in Section IV(C) below, and defined in more detail in the Annex.

11. One reason for not just focusing on training people is that some statistical organisations struggle to pay a competitive salary, and hence have a high staff turnover. Training people can therefore have a limited impact. Whilst training of people will still be needed, it should be undertaken in combination with ensuring that the organisation is

[2] Derived from the definition used in The Open Group Architecture Framework (TOGAF) - http://pubs.opengroup.org/architecture/togaf9-doc/arch/chap03.html

sufficiently equipped in terms of methods, technology, processes, information and standards, whilst ensuring a suitable institutional framework is in place.

IV. A strategy for statistical capacity development

12. The strategy for statistical capacity development is based on three pillars: principles, priorities and tools.

A. Principles

13. The strategy is based on the following principles:

- Open to all – capacity development is needed by all UNECE countries, in the context of data for SDGs and modernising statistical production, regardless of the level of development of their statistical systems;
- Linked to UNECE's normative work – capacity development activities promote the implementation and use of CES standards and guidelines;
- Focused – related to the above point, capacity development activities focus on areas where UNECE has recognised expertise, to ensure optimal use of limited resources;
- Results oriented – capacity development activities are planned and implemented to maximize their impact. This impact is assessed, and the results of assessments are used to improve the efficiency of future activities;
- Demand driven – capacity development activities respond to the needs identified and requested by countries, including through global assessments of national statistical systems;
- Cooperation and partnership with others – capacity development activities are coordinated with other "provider" organisations, to avoid duplication and ensure coherent and consistent advice to countries;
- Sustainability – capacity development activities result in sustainable increases in capacity in beneficiary countries.

B. Priorities

14. Whilst capacity development activities will be demand driven, and priorities will therefore be set by national requirements, it is possible to identify some of the likely priority topics for capacity development over the next three to four years, based on observation of recent trends. Likely priorities include:

- Statistics for SDGs – with a focus on institutional issues;
- Geospatial information management, including integrating statistical and geospatial information;
- Population and housing censuses, migration and gender statistics;
- Environment statistics and environmental-economic accounting;
- Modernising official statistics;
- Core economic statistics and the impacts of globalisation.

15. In addition, increased emphasis will be placed on enhancing management and organisational capacity. This will include strategic topics such as change and risk management, developing effective partnerships, capability and resource planning. The UNECE work on modernisation of official statistics, has shown that often the main barriers to development are not technological. They are more often linked to organisation and management culture. Training technical experts will not have the required impact if the organisation and management cultures do not support development and change.

C. Tools

16. Statistical capacity development activities will have a much wider scope than just the provision of training. They will draw on the definition of capabilities, introduced in paragraph 7 above. According to that definition, capabilities have several dimensions. The full set of dimensions for statistical capabilities is shown in Figure below, and these dimensions are defined in the Annex.

Figure
The Seven dimensions of statistical capabilities

17. To improve a capability in a statistical organisation, it is usually necessary to address several of these dimensions. For example, in the case of seasonal adjustment, just training people, or providing a software tool, will not be sufficient to ensure that the organisation has that capability. Capacity development has to take a more holistic approach, taking all seven dimensions into account.

18. For any capability (such as seasonal adjustment) it is possible to assess the current level of an organisation, and to identify a desired future level. This assessment can be broken down by the capability dimensions shown above, to identify which of the dimensions are priorities for investment and capacity development. The "maturity model" approach can be a useful management tool for this purpose. The use of maturity models is explained and illustrated in the annex.

V. Implementing the strategy

19. The first concrete step towards implementing the strategy will be to put in place a mechanism for gathering national priorities on an on-going basis. This will build on the information obtained during the electronic consultation of the strategy with the members of the Conference of European Statisticians, as well as:

(a) Information from the global survey of capacity development needs in the context of statistics for SDGs, conducted by PARIS21 and the High-level Group for Partnership, Coordination and Capacity-Building for statistics for the 2030 Agenda for Sustainable Development (HLG-PCCB);

(b) Recommendations from the Global Assessments of National Statistical Systems conducted jointly be UNECE, Eurostat and EFTA;

(c) Needs identified by UNECE expert groups and through existing capacity development activities.

20. National priorities will be assessed using the principles set out in the strategy, to see how the identified needs can be most efficiently addressed, in collaboration with partner organisations where appropriate.

Annex

Capabilities and maturity models

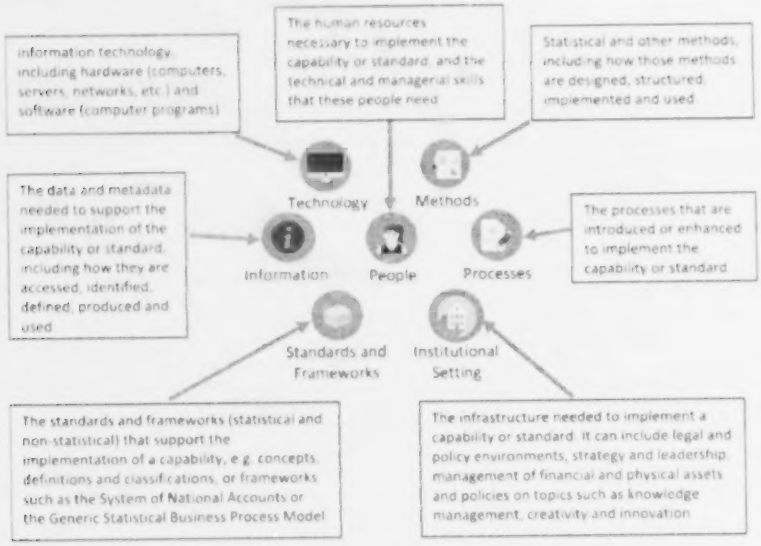
A. What is a capability?

1. A capability is defined as "The ability that an organisation, person, or system possesses. Capabilities typically require a combination of organisation, people, processes, and technology to achieve" (Source: The Open Group Architecture Framework v9.1 - http://pubs.opengroup.org/architecture/togaf9-doc/arch/chap03.html).

2. Practical examples of capabilities in statistical organisations include seasonal adjustment, internet data collection, web dissemination, data editing, questionnaire design, etc. The idea of capabilities can also be applied to implementation of statistical standards.

3. What are the dimensions of statistical capabilities? As the definition says, capabilities require combinations of factors or dimensions – rather like the economic concept of factors of production (land, labour, capital).

Figure I
Full set of dimensions for statistical capabilities


Information technology, including hardware (computers, servers, networks, etc.) and software (computer programs)
The human resources necessary to implement the capability or standard, and the technical and managerial skills that these people need
Statistical and other methods, including how those methods are designed, structured, implemented and used
Technology
Methods
The data and metadata needed to support the implementation of the capability or standard, including how they are accessed, identified, defined, produced and used
Information
People
Processes
The processes that are introduced or enhanced to implement the capability or standard
Standards and Frameworks
Institutional Setting
The standards and frameworks (statistical and non-statistical) that support the implementation of a capability, e.g. concepts, definitions and classifications, or frameworks such as the System of National Accounts or the Generic Statistical Business Process Model
The infrastructure needed to implement a capability or standard. It can include legal and policy environments, strategy and leadership, management of financial and physical assets and policies on topics such as knowledge management, creativity and innovation

4. To improve a capability in a statistical organisation, it is usually necessary to address several of these dimensions. For example, in the case of seasonal adjustment, just training people, or providing a software tool, will not be sufficient to ensure that the organisation has that capability.

5. There will be some cases where one or more dimensions will not be relevant, in these cases those dimensions can be ignored.

B. What is a maturity model?

6. A maturity model is a self-assessment tool to help an organisation understand the extent to which it has developed a capability or implemented a standard. In other words, it helps the organisation to understand its level of "organisational maturity" with respect to that capability or standard. Maturity models are tables where the columns show the maturity levels and the rows show the maturity dimensions. The dimensions should be the same as those defined above for capabilities (technology, methods, information, people, processes, standards and frameworks, and institutional setting). Depending on the type of capability or standard, one or more of the dimensions might not be relevant. If so, these dimensions can be ignored.

7. Each cell in the maturity model table should contain a short description of what that combination of maturity level and dimension means in practice. These descriptions will often be specific to each capability or standard.

8. The idea of maturity models for official statistics has been adapted from the Open Group Service Integration Maturity Model (OSIMM)[3]. Several pilot maturity models were developed under the UNECE High-Level Group for the Modernisation of Official Statistics in 2016, covering the implementation of the Generic Statistical Business Process Model and related standards, as well as risk management in statistical organisations[4].

Figure II
Maturity levels

	Maturity Levels				
Dimensions	Initial awareness	Pre-implementation	Early implementation	Corporate implementation	Mature implementation
People	Description	Description	Description	Description	Description
Methods	Description	Description	Description	Description	Description
Technology	Description	Description	Description	Description	Description
Standards / frameworks	Description	Description	Description	Description	Description
Processes	Description	Description	Description	Description	Description
Information	Description	Description	Description	Description	Description
Institutional setting	Description	Description	Description	Description	Description

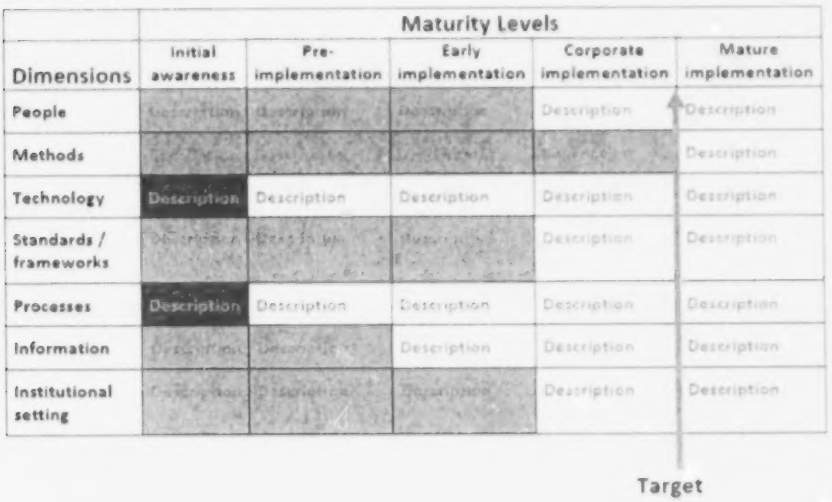
C. How should maturity models be used?

9. Maturity models are used to determine the current level of maturity, and also to define the target level for the organisation. They are management tools to identify where improvements are needed, and to help decide on priorities. The target level of maturity might be "Mature implementation", but for some capabilities or standards, the organisation might decide that a lower level of maturity is sufficient. In the example below, the target maturity level is "Corporate implementation". The organisation has decided that it has already reached this level for the "Methods" dimension, but not for the other dimensions. It

[3] http://www.opengroup.org/soa/source-book/osimmv2/
[4] https://statswiki.unece.org/pages/viewpage.action?pageId=129172266

has most work to do in the "Technology" and "Processes" dimensions, as the organisation is only at the "Initial awareness" level for these dimensions. As a result of this assessment, the "Technology" and "Processes" dimensions are likely to be priority areas for future work.

Figure III
Maturity levels targets



10. There may be cases where it is preferable to set different target maturity levels for the different dimensions, this is also possible. In such cases, the relative distances between the current and target levels should be considered when deciding on priorities.

11. A further development of this approach could be to collect information about how organisations have increased their maturity levels for the different dimensions of key capabilities. If this could be done in a structured way, it could provide a sort of "roadmap" of good practices for other organisations to follow. Some prototype templates for this sort of "roadmap" were also developed during 2016 in the "Modernisation Maturity Models" project under the High-Level Group for the Modernisation of Official Statistics[5].

[5] https://statswiki.unece.org/display/RMIMS/MMM+Roadmap+Tools

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Work of the Expert Group on national accounts

Note by the Steering Group on national accounts

Summary

In view of the importance of the issues discussed by the Group of Experts on national accounts, organized jointly by UNECE, Eurostat and OECD, and to ensure the continuity of work, the Bureau of the Conference of European Statisticians supported a resource neutral change in the intergovernmental structure of the Conference by converting the Group from an "ad-hoc" meeting into a standing body. The CES Bureau reviewed and approved the draft terms of reference for the proposed standing body prepared by the Secretariat and the Steering Group on national accounts in February 2018 (presented in Annex I). The Conference is invited to approve the terms of reference.

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I. Introduction

1. The Group of Experts on National Accounts, jointly organized by UNECE, Eurostat and OECD, is a well-established forum, where member countries of the Conference of European Statisticians (CES) can exchange experiences and best practices in the implementation of the System of National Accounts (SNA) and the measurement of global production. The work of the Joint Group of Experts will also support linking the SNA and Sustainable Development Goals (SDGs) to complement the work on implementing the *CES Road Map on Statistics for SDGs*.

2. The SNA framework is essential for compiling structured and coherent economic statistics that facilitate analysis of the economic development and enable evidence-based decision-making. National accounts statistics are also critical for producing many of the proposed SDG indicators, especially under Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), Goal 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation) and 10 (Reduce inequality within and among countries). Altogether more than SDG 30 indicators, spanning 11 Goals, are related to national accounts data.

3. National accounts have always been one of the important areas of work of the CES. Over the years, the UNECE working groups on national accounts have contributed to the comparisons and harmonization of the national accounting systems in member countries and assisted the former centrally planned economies to move to the 1993 SNA. Today, the Expert Group on National Accounts, jointly organized by UNECE, Eurostat and OECD, facilitates the implementation of the 2008 SNA in CES member countries by sharing experiences and identifying emerging issues that need to be addressed. The Group has also launched work in new areas related to SNA, like measuring the global production arrangements and human capital.

II. Historical background

4. In 1959, a Group of Rapporteurs began developing a programme for comparisons between the System of National Accounts used in Europe at that time – the 1953 SNA – and the Material Product System (MPS) applied by the centrally planned economies. Based on the report of the rapporteurs, in 1963 CES established the UNECE Working Group on National Accounts and Balances as a standing body, dealing with the harmonization of the national accounts frameworks used in the UNECE region. In the following years, the Working Group held regular meetings. One of its major outputs was a transition key to convert data compiled according to MPS into the SNA framework.

5. In early 1990s, CES decided that the primary objective of UNECE work on National Accounts should be the development of cooperative projects on the introduction of SNA in the countries using MPS. In line with this, the UNECE Working Group on National Accounts and Balances was discontinued and replaced by meetings organized on "ad-hoc" basis together with OECD. Later, Eurostat joined as co-organizer. In the late 1990s, these meetings were suspended, thus excluding a large part of the East European and CIS countries from international fora where they could meet with other UNECE countries' experts and learn from the more advanced statistical offices.

6. In 2000, the CES Bureau re-established the Joint UNECE/Eurostat/OECD meeting with the name 'Group of Experts on National Accounts' and decided that it will be held every 2 years. The purpose was to have a forum where all CES member countries could advance the implementation of SNA by sharing best practice and learning from each other.

Still, in the United Nations administrative system the Expert Group remained with the status of an "ad-hoc" meeting.

7. The Joint Group of Experts played an important role in the 2008 update of the SNA. Following the request of the 40th United Nations Statistical Commission in 2009 it also contributed to the development of the regional recommendations for the implementation of the 2008 SNA in the countries of Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE).

8. The active involvement of Eurostat and OECD increased the number of participating countries and broadened the variety of methodological issues addressed at the meetings of the Group. In 2014, CES asked the Joint Group of Experts to provide a forum where countries could exchange experiences on data collection and compilation methods related to global production arrangements, and follow up on the implementation of the CES *Guide to Measuring Global Production* (2015) (ECE/CES/87, para 59).

9. In 2009, to ensure better coordination of work and avoid overlap, the CES Bureau established a Steering Group on national accounts to guide the work of the Joint Group of Experts (ECE/CES/BUR/2015/FEB/7/Add.1). The Steering Group includes leading experts from countries representing the different sub-regions of UNECE and from the main international organizations active in the region.

III. Rationale for the proposed action

10. The Joint Group of Experts on National Accounts is a well-established forum for 17 years now, where all CES member countries can exchange experiences and best practices on the implementation of the 2008 SNA. Since 2000 it has held regular biennial meetings. In 2014, following the CES decision (referred to in paragraph 8 above), the meetings became annual by alternating the focus between national accounts and global production. These joint meetings contribute to the SNA research agenda and advance the methodological development in important areas such as measuring global production and human capital. They attract a large number of participants, also beyond the CES region, and thus allow identified recommendations and good practices to be shared widely.

11. Notwithstanding the above, as the Joint Group of Experts continued to be defined as an "ad-hoc" meeting in the United Nations administrative system, it does not qualify for regular conference services in terms of availability of rooms, translation of documents and interpretation during meetings into the UNECE working languages (English, French and Russian). This increasingly is having a negative impact on the work of the Group.

12. In addition, 'ad-hoc' meetings are usually convened to resolve concrete short-term issues and once the task is completed, the Groups are dissolved. However, the work on National Accounts is not restricted or limited to specific short-term issues or to a particular period in time. On the contrary, the work is continuing and expanding: it also has a global outreach. Furthermore, as the complexity of compiling national accounts and the importance of issues related to globalization are increasing, there is a need to continue the substantive work carried out by the Group. Finally, a number of indicators for follow-up and review of the Agenda 2030 for Sustainable Development rely on national accounts.

IV. Proposal

13. The Steering Group on national accounts has discussed the issue and highlighted the importance of ensuring translation of key documents into Russian and having interpretation in the UNECE working languages during meetings. This will allow the active involvement

of all CES member countries in the work of the Joint Group of Experts and will facilitate the sharing of knowledge and best practices. Therefore, the Steering Group asked the UNECE Secretariat to take action for changing the status of the Joint Group of Experts into a standing body under CES with the name "Expert Group on National Accounts".

14. In October 2017, the CES Bureau supported the proposal to convert the Expert Group into a standing body. The Bureau asked the Secretariat to prepare, together with the Steering Group on national accounts, terms of reference for the standing body. In February 2018 the CES Bureau agreed on the terms of reference and asked the Secretariat to present them for adoption to the CES plenary session before submission for approval to the UNECE Executive Committee (EXCOM) and the ECE session in April 2019.

15. In December 2017 the UNECE EXCOM reviewed the biennial report of the CES Chair. According to the established template, this report contains a section on proposed changes in the subsidiary structure. In this respect, EXCOM was informed that the "CES Bureau is currently working on a proposal to establish a standing body on national accounts under CES, to be submitted to the CES plenary session in 2018". In the ensuing discussion, the proposal was supported in principle by the EU delegation on behalf of the EU member states and by other UNECE member countries.

V. Scope and impact of the proposed changes

16. The new status of the Group will not have any resource implications for the co-organizers and the member states. It will also have a resource neutral impact on the UNECE Statistical Division, and the activities will be carried out with the existing resources already devoted to servicing the Joint Group of Experts.

17. The proposed change will have a positive impact on the work. It will better reflect the status, history and mode of work of the Expert Group. The change will also allow the UNECE Secretariat to continue providing the quality services to its member States, including suitable meeting facilities, translation and interpretation, which are necessary for successful meetings.

Annex

Terms of reference for the Expert Group on National Accounts

A. Mandate

1. The Expert Group on National Accounts supports the implementation of the CES work programme related to national accounts and globalization. It will facilitate the implementation of the 2008 SNA and related international statistical standards through the promotion of best practices, contributions to the development of recommendations and methodological materials, and support to capacity building activities in national accounts. The Group should also support linking the SNA with SDGs, to complement the work on implementation of the *CES Road Map on Statistics for SDGs*.

2. The Expert Group will report to CES on UNECE activities on national accounts and globalization. Its work will be organized in coordination with Eurostat and OECD to avoid overlap and ensure synergies with related work undertaken by other international organizations. It will also consult with the Intersecretariat Working Group on National Accounts (ISWGNA) and other relevant international groups to ensure international coordination of work related to the 2008 SNA implementation.

B. Activities

3. The Expert Group will engage in the following main activities:

(a) Facilitate the exchange of experience and best practices to improve the quality and international comparability of national accounts and related economic statistics in CES member countries;

(b) Provide a forum to review the guidelines and recommendations developed by the teams of specialists, established by CES in the area of national accounts and globalization with a view of presenting them for endorsement to CES, and follow up on their implementation;

(c) Identify new emerging areas where methodological research should be undertaken and bring these issues to the attention of the CES Bureau and the ISWGNA to avoid duplication and achieve synergies. The work will be undertaken in close collaboration with Eurostat, OECD, IMF and CIS-Stat.

(d) Support the implementation of the 2008 SNA in the EECCA and SEE countries by identifying specific regional priorities and capacity development needs. Provide a forum that supports the exchange of experience and institutional cooperation between the compilers of national accounts, balance of payments and other macroeconomic statistics in the region;

(e) Support linking the SNA with SDGs, to complement the work on implementation of the *CES Road Map on Statistics for SDGs*.

C. Membership and officers

4. All United Nations member states that participate in the work of CES will be invited to the meetings of the Group. The statistical departments of international organizations that are active in the area of national accounts will also be invited to attend. In addition, other United Nations member states, researchers and representatives of academia can participate as observers, in compliance with United Nations rules and practices.

5. The Expert Group elects its officers (Chairperson and/or vice-Chairpersons) in accordance with the guidelines on procedures and practices for ECE bodies.

D. Methods of work

6. The Expert Group will hold regular annual or biennial meetings. The Group should aim to reach consensus in its work to the highest extent possible.

7. At its sessions, the Expert Group will review the achievements and problems met since the preceding meeting, propose to CES and its Bureau future activities and review the work and status of the teams of specialists in the area of national accounts and globalization.

8. The work of the Expert Group on National Accounts will be guided by a Steering Group. The Steering Group will organize the meetings of the Expert Group and will advise the Secretariat on the implementation of the CES work programme on national accounts and globalization. The Steering Group includes members representing different sub-regions of the UNECE and the main international organizations active in the area of national accounts.

9. CES will review the mandate of the Expert Group every five years.

10. The UNECE Statistical Division services the meetings of the Expert Group, providing logistical support and preparing documentation, including reports.